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ORGANIZATION, MANAGEMENT IMPROVEMENTS OUTLINED

Prague HOSPODARSKE NOVINY in Czech 27 Mar 81 p 3

[Article by Karel Klavsty and Antonin Neevadba: "Improving the Organization and Methods of Management;" Economic Policies of the Party--Industry: Sixth Topic]

[Text] Safeguarding the structure of a developed socialist society constitutes a new, significant stage in the development of the organization and methods of management as this task was set out by the 14th and 15th congresses of the CPCZ. When explaining the complex problems involved in improving the organization and methods of management in the national economy, one must above all concern oneself with the following questions.

The basic tasks involved in improving the organization of management and the division of labor are characterized by the proposal for the Main Directions for the Economic and Social Development of the CSSR for 1981-1985 in the following way: "To develop the organization of management and the arrangement of the industrial technological base of the national economy in close relation to the material tasks set out for development and to the tasks for further improving systematic management.

"To complete a comprehensive plan for developing the management of departments and economic production units [VHJ] in order to efficiently define the objectives, and in accordance with this, the relationships between the authority and responsibility of the elements of management; at the same time to reinforce the responsibility of each element for its decisions and for the final outcome for society; and to set up the methods and instruments of management in such a way that the VHJ fulfills its function as the basic element of management in the running of enterprises. To eliminate the organizational dispersal of the industrial technological and research base; to effectively arrange smaller plants and enterprises into larger units to support the development of specialization and the concentration of production for a more efficacious utilization of capital assets and labor forces."

Organization of Management

The organization of management is the most complex organizational task and in comparison with the organization of labor (individual employees) and of the production processes (linkages in the production of a complex product

or structural, brings extraordinarily great effects in the course of building mature socialism. Along with scientific and technological development, organizational development is a further basic factor in the intensification of the national economy.

Meanwhile, these tasks are best fulfilled by sectorial enterprises and concerns. Therefore, these organizational forms of VMJ will henceforth be developed comprehensively and trust-type VMJ will, according to the prevailing conditions, gradually be converted into concerns and sectorial enterprises (see table).

The organizational changes mentioned draw attention, among other things, to the advantages and disadvantages of large enterprises. The concrete resolution of the question of the size of an enterprise must be based upon thorough economic calculation.

At the present time, these problems are being worked upon in a concrete and selective fashion on all levels of management in order to work out comprehensive management development programs which will ensure the objectives of the seventh Five-Year Plan and the further development of the management of departments, VMJ and enterprises.

Methods of Operation

In a manner similar to that involved with the development of production, one can raise the quality of management by increasing further the number of workers in the managerial apparatus (i.e., extensively) or by increasing the efficiency of management (i.e., intensively). As the party conclusions show, it is precisely the latter route that is objectively necessary and there are several methods and examples on how to achieve increased efficiency of management under concrete conditions.

For the operational efficiency of the managerial apparatus as a whole, what is extraordinarily important at the present time is its ability to solve the new problems contained in the resolutions of the party program. It happens that the managerial apparatus which attained high operational efficiency in the past and hence great economic results as well, lowers efficiency by not having adequately reoriented its attention to problems of scientific and technological development, to the shortening of capital construction time, the decrease in material consumption, the increase in the returns of funds, and to other tasks which the sessions of the Central Committee of the CPCZ characterize as the revolutionary tasks of the contemporary stage of economic construction.

The greatest reserves in management efficiency can be found in the effective utilization of time by the managerial apparatus, in the division of employees into units according to their actual effect upon the fulfillment of the overall goals of the enterprises and the overall national economy, and, from the long-term perspective, in the formation and gradual unification of automated management systems into a single statewide system for the collection, storage and processing of data.

Management work has several specific aspects which necessitate the evaluation not only of its frugality, but perhaps to a still greater degree its effectiveness. Therefore it is also necessary to check periodically the effectiveness of the

managerial apparatus. It is often substantiated that a manager or a managerial unit completely does serviceable work. At the present time, however, this does not suffice. Managerial work cannot be merely serviceable; rather, it must be highly effective and it is constantly changing as the factors of economic development change.

The proposal for the Main Directions for the Economic and Social Development of the USSR for the years 1981-1985 sets out in this regard, among other things: "to systematically eliminate the disproportionately high administrative demands of management, to make the relationships and work procedures of individual units more efficient and to improve the style of work. To lower the expense of management and administration."

An important new requirement of the Set of Measures is that the methods of economic, cadre and personnel management be so closely linked that, on one hand, a measure stemming from the system of management would create the conditions for the effective conduct of the supervisors and, on the other, the cadre, personnel and social work would emerge out of the need to increase the effectiveness of management.

Information System

By information system we mean a set of activities which ensures the selection, transmission, storage, processing, distribution and presentation of data for the purpose of decisionmaking such that management personnel can carry out their functions in all components of the management system. Its job, then, is to ensure the timely provision of an adequate corpus of reliable and accurate data for the preparation of decisions.

From the standpoint of managerial processes, as a rule the data are broken down into planning, organizational, directive, and motivational, coordinational and regulatory categories. In economic organizations, then, we distinguish between primary data (directly depicting the processes being run) and secondary data, which depict these processes indirectly. Secondary data have a high degree of aggregation and thereby also great importance for management. From the standpoint of the user of the information system, one is concerned with meeting the following requirements:

—the information system must ensure all data important for the operation of the appropriate organization, aimed mainly at the decisive data on which the attainment of the goals set out depends;

—the data secured by the information system must be delivered to the appropriate units responsible for a given field of activity;

—the data must be interlinked so that not only the results but also their causes can be ascertained;

—the information resulting from the processing of data must be available in a form that is directly usable in practice.

From the standpoint of the function of an information system, we must always bear in mind that it cannot display only data on what happened, but must be an effective instrument of management; besides providing information for the planning and operational management of a given object, it must also create the conditions for a systematic improvement of the appropriate processes. An information system must function comprehensively, as a unit, and ensure high quality of information so that there is no need for additional searches in order to clarify or supplement the data.

In the principles approved by the government of the CSSR, out of the need for the systematic improvement, increased efficiency and gradual integration of information systems for the needs of management and planning, there stem the following:

—systems of social and economic data which include the budget, calculations, accounting, statistics, operational files, registers and characteristic parameters of social and economic phenomena [SEI];

—information systems for planning and drafting state budgets, which include the data generated in the process of preparing and creating plans, i.e., in individual stages of work on projects and in prognoses, proposals and variations of plans, on substantiation analyses and considerations of procedures for ensuring the goals of economic policy and in the preparation of state budgets [SIPR];

—systems of scientific and technical information [VTSI] which operate with data of a scientific and technical, technical and technical economic character for the requirement of the systematic development of science and technology, in order to accelerate scientific and technical development in all branches of our national economy;

—specifically oriented information systems constructed by individual management agencies for their individual needs, drawn from the SEI, SIPR and VTSI basic information systems and from other specific bodies of data on the appropriate level of management. Special-purpose information systems, however, at the same time form the basis for branch, sectorial and enterprise automated management systems.

The goal of all management agencies is to evaluate the current state and development of an information system in their own sector; to think of how to simplify further and to reduce the search and tracing of the factors operating within economic and social processes. One is dealing here primarily with judgments on the need and the effectiveness of individual data and with a method of how most rapidly and most efficiently to obtain them.

One of the efficient instruments for developing a system of systematic management and for increasing the efficiency of the national economy is the use of computer technology and economico-mathematical methods. The basic goal and criterion for implementing automated management systems [ASR] is substantially to increase the efficiency and to reduce the high administrative demands of management. By an automated management system we mean a system of management in which automation

has reached into its main components and created a situation in which the [illegible] sectors of the management process are automated and these automated components are linked by automation devices, and the integration of the management process transferred to a computer is ensured, with the process safeguarded by supervisory personnel.

As early as the Fifth Five-Year Plan, we shifted from working on isolated tasks, primarily from the area of scientific and technical computations, to the mass processing of data, and in the Sixth Five-Year Plan to the creation of finished information systems.

An automated management system must ensure the harmonious development of the economy, the creation of optimal, perfectly coordinated plans, plans for material and technical supply and for the marketing of goods. It must improve the quality of the planning, filing and analysis of indispensable indices in the operation of the enterprises and the VOZ in accordance with the objectives for improving the planned management system of the national economy. In the Set of Measures and in the proposal for the Main Directions for the Economic and Social Development of the USSR for 1981-1985, emphasis is placed upon the development of an automated system of planned calculations as a basis for improving the planning process on all levels of management.

Regulation

In the proposal for the Main Directions for the Economic and Social Development of the USSR for 1981-1985, the following objectives are set out:
"To strengthen regulatory activity on all levels of management. To ensure that they are systematic and coordinated in order to concentrate attention upon the key tasks of the individual levels of management. More thoroughly to orient regulation to the prevention of shortages, to the economic expenditure of the resources of society, to ensure the objectives for increasing efficiency, to ensure planning, financial, wage, price and foreign-exchange discipline. To adopt specific conclusions and to regulate their fulfillment."

Regulation is an indispensable function of all management. In management, it has a identificational role (precisely establishes the situation) and a regulatory one (affects the operation of management procedures). At the same time, it can have a repressive role (draws sanctions when there is gross failure to fulfill the regulatory objectives monitored), a power role (it is an instrument for implementing state power) and an educative role.

Internal regulation is ensured by each unit within its own field of competence (in an enterprise, e.g., intraenterprise control). External control is exercised by specialized regulatory agencies which, with respect to the organizations being controlled, do not perform comprehensive regulatory functions. This latter type of control is exercised by party organizations and agencies within the scope of their right of control, by social organizations (especially the Revolutionary Trade Union Movement), state organizations (committees of mass control, national committees, the bank, the control of work security, the office of public prosecution and a number of others).

Along with control from above, socialist management of the economy is characterized by control from below, in which all citizens can take part (e.g., in the form of criticism, provisions for complaints, suggestions, participation in management and participation in the regulation of election programs).

The Leninist style of management emphasizes the educative function of management. Each measure which is not regulated ceases in time to function. Therefore, supervisory personnel in state and economic life also have great responsibility for creating an effective system of control within their own sphere of operation.

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NATIONAL 1980 AGRICULTURAL PRODUCTION ECONOMICS VIEWED

Prague SVET HOSPODARSTVI in Czech 14 Apr 81 p 2

[Article by Eng Bozena Kuklova, Czechoslovak State Bank]

[Text] The 1980 agricultural production year can be characterized as an average year with individual oblasts suffering from different impacts of bad weather. Overall, gross agricultural production fell 3.1 percent short of the plan leaving the plant production plan unfulfilled and the animal production plan slightly overfulfilled.

The shortage in plant production had an unfavorable effect on financial management results not only of primary agricultural production organizations but also of food industry organizations. Cooperative organizations failed to fulfill the 1980 production plan by 1.7 percent, state farms and other state-owned organizations by 0.7 percent and food industry organizations by 1.1 percent. Only agricultural supply and purchasing organizations managed to exceed the plan by 2 percent. Overall, the CSSR agricultural and food sector recorded an output volume of Kcs 246.3 billion or 0.9 percent short of the plan. The shortage in the financial yeild from plant production was partly made up to primary agricult ral production organizations by an allocation of Kcs 0.9 billion from the fund for mitigating uninsurable losses.

The financial results of managing agricultural and food production organizations are affected by the problem of excessive production costs. Especially the primary production organizations failed to reduce expenditures commensurately with reduced output; instead, they exceeded planned expenditures. Cooperative organizations exceeded planned expenditures most markedly by 2.1 percent. State farms and other state-owned organizations also exceeded planned expenditures (by 1.3 percent) and ZZN [Zdenek Nejedly plants] organizations by 2.0 percent. Food production organizations did not quite exhaust their planned expenditures (by 0.4 percent). Overall expenditures for the entire sector amounted to Kcs 234.4 billion or 0.9 percent in excess of the plan. Planned expenditures were exceeded almost exclusively to pay for materials. On the average, MZVz (Ministry of Agriculture and Foodstuffs) organizations expended Kcs 74.44 for materials (instead of the planned Kcs 73.17) for each Kcs 100 of output with material expenditures of state farms and other state-owned organizations amounting to Kcs 65.71 (Kcs 1.48 in excess of the plan), of cooperative organizations to Kcs 61.10 (Kcs 2.38 in excess of the plan), of food industry organizations to Kcs 85.72 (Kcs 0.04 in excess of the plan) and of ZZN organizations to Kcs 87.30 (Kcs 0.14 in excess of the plan).

Wage development evidenced no marked deviations from the plan. Compared with 1979, the increase in average earnings was highest in state farms and other state-owned organizations amounting to 5.6 percent while in cooperative farms earnings increased 5.7 percent. Earnings in the food industry and the ZZB organizations rose equally by 5.2 percent. In 1980, the MZVz sector employed 1,295,000 workers (average adjusted number) or 6.6 percent more than in 1979.

Failure to reach the planned output and expenditure overruns led to nonfulfillment of planned profit formation in the financial management of organizations. The overall profit for the entire sector amounted to Kcs 16.2 billion which is Kcs 1.8 billion (9.2 percent) less than envisioned by the plan. The profit achieved by cooperative organizations was the worst by far--Kcs 6.9 billion or Kcs 0.8 billion below the planned figure.

The nonattainment of planned profits is fully reflected in a commensurate reduction of resources destined for distribution except in the group of cooperative organizations which made up for their reduced profits from their own reserve fund and were granted profit allowances exceeding the plan. In this way, in cooperative organizations the nonattainment of expected profits destined for distribution was reduced to Kcs 0.2 billion.

In some organizations the profits realized were inadequate for the payment of wages, which exceeded profits. Overall in 1980 the deficit amounted to Kcs 516 millions and predominantly involved primary agricultural production organizations. Cooperative organizations had a deficit of Kcs 307 million (168 million in CSR and 139 million in the SSR) and state-owned agricultural organizations of Kcs 168 million (58 million in the CSR, 110 million in the SSR). Beyond that some organizations exhibited construction fund deficits. A solution of the overall 1980 management deficit is being sought independently by finance commissions.

A comparison of the 1980 financial management results with those achieved in 1979 is limited on one hand by the different impact of new economic tools applied in agriculture beginning with 1980 and on the other by the substantially greater losses in the 1979 agricultural production. Overall, both in cooperative and primarily in state-owned agricultural organizations the profitability volume and rate have increased. The rate of profitability of state farms and other state-owned organizations in 1980 was more than double, that of cooperative organizations rose by one-quarter. In the food industry, the profitability indicators worsened with the rate of profitability decreasing from 5.7 percent in 1979 to 5.1 percent in 1980 and profit decreasing 6 percent. No marked changes occurred in agricultural supply and purchasing organizations--the rate of profitability decreased from 6.7 to 6 percent but the volume of profit rose 3.2 percent.

In the area of supplies, organizations of the MZVz deviated markedly from the plan. As of 31 December 1980 overall supplies on hand amounted to Kcs 148.5 billion which is Kcs 1.5 billion (1.3 percent) below the planned level. Cooperative organizations exceeded the supply plan by Kcs 1.7 billion or 3.0 percent, state farms and other state-owned organizations underfulfilled the plan slightly by 0.5 percent. The structure of supplies worsened in both groups of organizations--the planned stands of animals were not reached and the plan of purchased materials was exceeded. As a result of low purchases of agricultural products, food industry organizations failed to fulfill the supply plan by Kcs 1.5 billion (6.8 percent) with products being short by Kcs 1.0 billion (19.1 percent).

[illegible]

[illegible]

[illegible]

[illegible]

CZECHOSLOVAKIA

SMALL HYDROELECTRIC PLANT CONSTRUCTION STRESSED

Prague PRACE in Czech 23 Apr 82 pp 1, 3

[Article by P. Jordan: "Tons of Coal in Rivers and Streams"]

> [Text] Every year, the waters of our rivers, creeks and mountain brooks are "washing away" about 7 million tons of brown coal that generates electric power. Such is the value of untapped water energy which could be reclaimed by small hydroelectric plants with outputs of about 30 megawatts. The 16th CPCS Congress also addressed this problem and in its conclusions it formulated the tasks for exploiting small streams through renovation and reconstruction of existing facilities.

The Czechoslovak-Kolben-Danek concern in Blansko is one of those enterprises which, in the course of the Sixth Five-Year Plan already have started working specifically on the technical development and construction of hydroturbines with low output and, jointly with the Hydroproject in Brno, on renovation and maintenance of the equipment in small hydroelectric plants. In 1978, the enterprise established a comprehensive rationalization brigade headed by Josef Kaudensky, chief of construction, consisting of personnel from the construction, design and technical development departments and the Water Turbine Research Institute. Together with the construction departments of the enterprise, the brigade prepared a catalog listing some 60 different types of Kaplan, Francis and other turbines for small water streams, including drawings, operational characteristics and other needed data. "We published about 50 copies of the catalog at our own expense," Josef Kaudensky, the leader of the brigade, informed us "and can have additional prints made at any time." The brigade then decided to undertake the development of machinery for small streams which would be as simple as possible and self-operating, and to establish a line of suitable turbines including control systems. Its members also contacted the design organizations and suppliers of generators in the CSSR, and they decided on three basic approaches to solutions, requiring simplicity, operational reliability and low turbine cost.

First Accomplishments of New Comprehensive Rationalization Brigade

The brigade can already point with pride to their first accomplishments. Its members developed a model of a very economical Kaplan turbine with an output of 400 kilowatts. They will install two experimental turbines of this type in a

[illegible] Each of the turbines will be capable of producing power for 4,000 100-watt bulbs. Because of the time lapse [illegible] and installation is very short, eight young [illegible] engineer Samuel Lockwood, [illegible] the 19th CMEE Congress, [illegible] to produce the drawings for the equipment of this hydroelectric plant so that the experimental operation can be started as early as the summer of 1981.

[illegible] in the construction of new and the reconstruction of [illegible] small hydroelectric plants. According to J. Baumann, the leader of the rationalization brigade, electric power plants with an output up to 10 megawatts at the present represent a profitable source of cheap power. They can generate 1 megawatt hour for one-third less than the conventional thermo-electric power plants. Other advantages are improved voltage ratios in the electrical grids, smaller losses resulting from power transmission, ease of [illegible] their operation, quick returns on investment, and the like. "In 1981, we still had more than 14,000 small hydroelectric plants with a total annual output of almost 800,000 kilowatts. Today only 200 are in operation," Comrade Baumann informed us, and he added that it would be simpler for the [illegible] enterprises to buy cheap electric power than to invest in operation and maintenance of their own electric power sources.

Water Innovations

The [illegible]-Lower-Saxony concern in Hannover, which is among the leading enterprises in our electric power engineering field, has concrete plans for launching production of turbine systems for these small hydroelectric plants. It intends to build a production and assembly shop in the course of the Seventh Five-Year Plan in the nearby community of [illegible], where the enterprise has [illegible] shops. There it will produce equipment with an output up to 10 megawatts and at the same time it will proceed with the renovation of existing operational equipment and of equipment that can be restored in old mills, [illegible], textile and other plants.

The studies made by the Water Management Research Institute in Brno have shown that: in the next 20 years, in the Czech Lands alone, most of small hydroelectric plants could operate on small reservoirs and dams. They could deliver about 400 million kilowatt hours of electric power to the national economy every year. The dams on the Lake [illegible] and on the Vltava river basin are the most suitable sites for small hydroelectric plants. A total of 25 sites have already been marked out for construction.

In the long-range perspective it is anticipated, however, that small hydroelectric plants will gradually be constructed at 274 locations in the CSSR. This would permit for the operation of new low megawatt capacities generating 1,600,000,000 kilowatt hours of electric power annually. The first orders for deliveries of small hydroturbines considered to the producers in Slovakia have shown that this is a real task. For instance, the State Farm in Dvory is interested in having its electric power plant reconstructed so that it can heat its greenhouses with the generated power. The enterprises Interpriv in Prievidza, in Brno, Slovakia in Nitra, Kovohute, Kaos in Sered and others also intend to renovate old hydro-electric plants.

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CHEMICAL INDUSTRY MINISTER ON ALTERNATIVE ENERGY SOURCES

East Berlin NEUES DEUTSCHLAND in German 30 Mar 81 p 3

[Interview with Guenther Wyschofsky, minister for chemical industry, member, SED Central Committee, by Joern Kalkbrenner: "Greater Refinement of Raw Materials--Our Chemistry Facing New Tasks; One Industrial Sector's Contribution to Dynamic Production Growth in Our Economy; Domestic Brown Coal Continues To Advance; Concentrated Research, Modern Technologies and Effective Processes Are Key to Success"]

[Text] [Question] The 300,000 workers in the chemical industry of our republic have agreed to go beyond the planned production for 1981 by 1 percent and to achieve this additional daily production by the Tenth SED Congress. This is to be accomplished primarily through savings of raw materials. Clearly also a more complete refinement of raw materials?

[Answer] To make more from the given material, to manufacture more and also more valuable final products from expensive raw materials--that is chemistry's contribution to furthering the productivity increase of the whole national economy.

Technically speaking this means taking the production process, with the help of the most modern technologies, to the highest possible processing levels and thus to develop the production structure of the GDR further and to perfect it. Chemistry in particular strongly influences the productivity increase in almost all the branches of the industrial economy. In many cases it is our contributions that help decide whether a product reaches the top internationally.

[Question] In what areas in particular will chemistry further refinement?

[Answer] The chemical industry of the GDR is now producing about 30,000 products from relatively few raw materials. We are concentrating especially on the development and production for microelectronics, pesticides, the textile industry, valuable drugs, veterinary pharmaceuticals, special plastics, chemical fibers, and also consumer goods of great use value. This year we will present many new things, for example, products of great purity to the microelectronics industry, cement thinner for the construction industry, urea as fertilizer for agriculture, and several special plastics and high-value photochemical products.

What we Have To Compete With Today

[Question] Could you say something about the roads that have to be taken to act responsibly toward the demands of the quickly growing economy?

[Answer] First, we are expected to provide more high-quality materials with even better mechanical, physical and chemical parameters. This includes the further development of materials based on the new capacities in Leuna and Buna for polyethyle and PVC production. For example, we cannot measure and evaluate ourselves on the basis of the production of a million tons of plastics per year, but rather we must develop very specialized plastics with a much higher use value as a first priority.

The second way is speedier development and production of new finished products. This includes high-quality consumer goods, 280 of which either went or will go into production from 1980 up to the tenth party congress, especially, detergents, household products, paints, plastic goods, and cosmetics. Consumer goods for the population account for 13 percent of the total production of the chemical industry. Our sector of industry will increase consumer goods production this year by 8 percent over 1980, that is even more than the average for the national economy.

[Question] A higher level of refinement surely has to be preceded by achievements in the economy, science and technology. The construction maintenance and changing of the necessary production facilities will be costly. How will this pay for itself?

[Answer] In all of our investment plans we ask first of all about economic effectiveness. We envisage a double economic effect. First, we are concerned with smaller inputs of raw materials, thus lowering the use of material and energy. Then refinement should increase the value of the products, thus bringing greater profits per cost of raw material.

Let us take our biggest plan--the new aromatics factory in the petrochemical plant Schwedt, which will start its trial run in the beginning of July this year. By cracking heating oil we will get more energy materials, benzol, and further high-value materials that are basic for the refinement of plastics and chemical fibers in particular, and also for export. Thus the expenditures for petroleum and the more highly refined final products will have a higher value.

In this connection there is a necessary postscript: Often further refinement is seen only as the end of technological levels with further investments. This view has to be corrected. Refinement starts at the beginning of the process. It expresses itself in such scientific-technological parameters as, for example, yield, quality, purity, and variety. The higher levels of refinement are based on this or else whole production steps and syntheses can be saved.

An Alternative That Will Pay for Itself

[Question] About 80 percent of our chemical production is based on petroleum, gas and coal. Especially coal will play a much greater role as a raw material.

[Answer] Brown coal is our number one raw material. What we do with it--that will determine our further production increases. According to a party decision there is

a plan to increase the yearly production of brown coal in this decade to 300 million tons. That is the start of a far-reaching structural policy. Its goal is to use petroleum and gas almost exclusively as raw materials and to use brown coal for energy. But to avoid any misunderstanding: it is at the same time a matter of an increased use of brown coal as a raw material. All this results on the one hand from constant price increases for petroleum, and on the other hand it is necessitated generally by economic reasoning to use raw materials as sensibly as possible.

[Question] That is, even brown coal has to be further refined. One of the clearest demands of the present time is the use of more rational technologies and the perfection and combination of already existing carbochemical methods. What is happening in this area?

[Answer] Ours is to refine 80 percent of the increased amount of brown coal by 1980. Presently we are producing annually carbochemical products for use as raw materials in an equivalent amount of about 3 million tons of petroleum. This production is to be increased in the next 10 years to a level that corresponds to a petroleum level of about 11 million tons. To achieve this we especially need the prerequisite technological methods.

Especially important is the further development of carbide chemistry, with increasing utilization of domestic brown coal, to get more intermediate products for drugs, anticorrosion materials, special plastics, polyurethane and small devices.

More Basic Materials From Liquefied Coal

An important process is the carbonization of brown coal--the starting point, for example, of the production of plastics, paraffin, lubricants and electrode coke. It will therefore have its proper place in our economy.

That is equally true for coal liquefication. This way we want to manufacture more of the important basic materials for chemical production in the future. These demands result from increasing energy needs.

Especially in the area of coal gasification we, as well as others, undertook strenuous research activity internationally, for example, in the Schwarze Pump plant in the last few years. Undoubtedly this process will play a great role in the long run; one of its advantages is that it makes possible the use of lower quality-brown coal. We will derive great benefits from further close cooperation with the Soviet Union. We are working among other things on the mutual development of a highly efficient coal gasification method according to a government agreement, in order to develop the production of synthetic gas besides city gas.

[Question] Synthetic gas--the demand is increasing rapidly and manufacture of this gas is especially topical.

[Answer] This production is really an important economical matter. Using it as the starting material, methanol and ammonia in particular could be produced for further manufacture into plastics, pesticides, glues and special organic materials. Today the Leuna plant manufactures 5 billion cubic meters, almost half of which comes from brown coal coke in the Winkler plant. In the long run we need an increase to 7 billion cubic meters.

A Center Researches Carbonchemistry

[Question] The CDR has great and acknowledged experience in coal chemistry, on which we can lean in the future. Still, it alone will not be sufficient to meet higher demands.

[Answer] That is right, our goal is a much more effective coal chemistry than in the past decades. I mentioned that research has been greatly intensified in this area. Far-reaching measures have been decided upon to solve the research and development problems more rapidly and to create new research capabilities. With our scientific-technological center for carbochemistry that was formed in 1980 in Boehlen we are now in a position to coordinate the whole coal chemistry research potential of the republic. Also we will be able to accomplish the education of young scientist for carbochemistry in the Freiberg Mining Academy.

What becomes clear here through the example of coal chemistry we see as a general demand placed on our work: constant concentration of the research and development capacities and planned investments for greater refinement. Already this year, for example, three-fourths of all plans in science and technology in our area are directed toward this end. On this basis we will take up the new, higher tasks of refinement of raw materials.

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PAST, FUTURE WATER MANAGEMENT PROJECTS REVIEWED

East Berlin WASSERWIRTSCHAFT-WASSERTECHNIK in German Vol 31 No 4, Apr 81 pp 111-113

[Article by Dr Hans Reichelt, deputy chairman, GDR Council of Ministers; minister for environmental protection and water management: "The Water Management Workers with a Good Balance Sheet and New Demanding Projects on the Eve of the Tenth SED Congress"]

[Text] SED party congresses always were milestones on the way of social development in the GDR. Based on Marxism-Leninism, they charted the course for the further fashioning of the developed socialist society, for the further accomplishment of the primary mission in its unity of economic and social policy, and they thus touch on the perspectives and interests of the entire nation as well as each individual worker of the GDR. SED party congresses are a matter for our entire people. Participation in their preparation in the course of manifold discussions particularly involving great deeds to strengthen our socialist fatherland, to increase the effectiveness and quality of production and labor in all sectors of the national economy—these are concerns of every citizen.

This is expressed most clearly in the hitherto greatest popular initiative in socialist competition under the slogan "The Best for the Tenth Party Congress! Everything for the Welfare of the People!" In this eventful period, marked by creative work, the relationship of trust between the party and the people has been developed further in depth and members of all classes and strata are increasingly united in the comprehensive social movement for the preparation of the Tenth Party Congress.

Contribution to Good Overall Record on the Occasion of the Tenth SED Party Congress

The water industry employees have made their contribution to the good overall record to be presented on the occasion of the Tenth Party Congress of the SED. Under the leadership of the SED party organizations, in close teamwork with employees in many sectors, they assured the drinking water supply for the population, wastewater treatment, and water supply for all water-using sectors of the national economy, in a steady fashion, under all conditions, through a high level of action readiness, much diligence, and hard work. The availability of the water supply was increased by the tapping of new underground water supplies, the opening of new dams with a storage volume of 180 million cubic meters, the intensification of water resources management, and the reconstruction and recovery of storage reservoirs and lakes by a total of 1.2 billion cubic meters or about 7 percent. This was

made possible above all through the use of new knowledge deriving from scientific-technological progress.

All of this was an indispensable prerequisite for guaranteeing the water requirements for the supply of the population and agriculture which went up by 5 percent to 680 million cubic meters.

As our second essential prerequisite for meeting rising drinking water requirements and increasing wastewater treatment, the drinking water treatment and wastewater purification plant capacities were increased by 15 percent or 25 percent. The structures were required for housing construction in terms of drinking water supply and wastewater evacuation was done. Projects which are of importance to the national economy and which have been completed or partly finished according to the directive issued by the Ninth SED Party Congress are particularly effective. This includes the first expansion phase of the reconstruction of the Berlin-Friedrichshagen waterworks and the Berlin-Falkenberg treatment plant, the Eibenstock dam with the Burkersdorf drinking water plant, and the more than 30-kilometer long pipeline to Karl-Marx-Stadt and Zwickau. Water supply from the Gottleuba and Lichtenberg dams, the rebuilt Moritzburg waterworks, the newly erected Pinnow waterworks, the Neubrandenburg and Halle South treatment plants, as well as the Borna storage reservoir and the Strahna holding basin are included here, as are many other installations.

Today, 86 percent of all citizens are supplied from the central drinking water network, in 1975, the figure was 85 percent. A connection to the central network was created for the first time for 574,000 inhabitants, including 470,000 in the rural areas. In the case of the latter, more than 80 percent of the work was done on the basis of the individual initiative displayed by the village population, supported by workers and specialists from the water industry, the soil improvement sector, and other sectors, especially as part of the national economic mass initiative under the slogan "Beautify Our Cities and Villages—Pitch In!" The degree of household connections to sewers and wastewater treatment plants was increased between 1970 and 1980 from 64 to 68 percent or from 47 to 52 percent.

We believe that the main result of the work of the water industry employees since the Ninth SED Party Congress is represented by the fact that manpower and resources are being directed toward complex socialist intensification in an ever better fashion and that an increase in the output was thus achieved, coupled with a decrease in the expenditure.

Thus it was possible to attain and surpass all output goals adopted by the ninth Party Congress and at the same time to save 5700 million or 4 percent in investments. The effort here was concentrated on the Galbitz movement as a broad mass initiative aimed at the implementation of complex socialist intensification, primarily through the use of new scientific-technological discoveries in the water industry. In the lead here we find the Galbitz waterworks employees who supply the citizens of the city of Magdeburg with drinking water. Specifically, we might mention here Gunter Hellmann, the waterworks manager, and Erich Holze, the SED party organization secretary. Through the inventive initiatives of the entire personnel force aimed at complex intensification—starting with raw water procurement and continuing via drinking water preparation to the automation of the plant

and the distribution system—they increased the planned daily output of the plant between 1978 and 1980 from 91,000 to 175,000 cubic meters; they reduced the cost per cubic meter of drinking water from 23 pfennigs to 17 pfennigs; they reduced the energy consumption from 7.8 pfennigs to 7.1 pfennigs per cubic meter and they made four employees available for assignment elsewhere.

It was possible to save at least $29 million in investments which could be used to build a new dam.

These great achievements were rewarded with the national prize.

These initiatives became an example for thousands of other collectives in water treatment and wastewater treatment plants, at dams, in maintenance and repair. The Gelbrig movement thus became the main method for complex socialist intensification in the water industry.

Exemplary achievements, honored through high government awards, were also achieved by the waterworks employees in Wienrode near Blankenburg through our fellow worker Klabunde, in Ernstedel near Karl-Marx-Stadt through our fellow worker Fischer, in Leisenthal near Erfurt through our fellow worker Triebel, in Doertendorf near Gera through our fellow worker Girscha, in Schoenbrunn near Suhl through our colleague Schimpel, and in Rostock through our colleague Godemann. Likewise distinguished in their work were the treatment plant employees in Cottbus through their fellow worker Thiel and in Brandenburg-Briest through their fellow worker Giese, the maintenance mechanics and pipelayers of the Doebeln pipeline network foreman section brigades through their fellow worker Bulitz and the "complex pipeline restoration" team of Leipzig VEB WAB [Water Supply and Water Treatment Plant] through their fellow workers Kluge, Kloetting, Koelzner, as well as the Weimar networks production sector of the Erfurt VEB WAB through their fellow worker Meynhardt.

In the water body maintenance area, we might mention the Reinwald brigade, Schoenebeck river sector, the Fischer complex brigade, Erfurt OFM [chief forest supervisor] sector, and the Segebarth brigade, Zingst river sector. The workers at the Bode dam supervisor's station, under the direction of our colleague Pape, also did praiseworthy work.

The economic results are really something to shout about. The share of rationalization investments was raised to 58 percent as compared to 32 percent during the past 5-year plan period. The output increase in the waterworks, especially the capacity increase, was achieved to the extent of 51 percent and in the wastewater treatment plants to the extent of 47 percent through rationalization of existing plants. Water procurement in such big plants as in Berlin-Friedrichshagen or Naunhof near Leipzig grew by 8-10 percent through the use of mathematical underground water conduit models. In the case of 84 percent of the dams, the availability of water was increased by about 10 percent with the help of new mathematical computations. This corresponds to an output increase of 150 million cubic meters of water per year which otherwise would have required expenditures of at least M1.5 billion for the construction of new reservoirs. Scientists such as mathematician Klaus Tiemer and Dr-Eng Stefan Kaden, of the Water Industry Institute, played a great role in these results. Successful work was done at the research center of the KWP (water engineering and water industry planning combine)

VEB with respect to the development of new high-performance methods involved in the rationalization of plants for drinking water treatment and wastewater treatment in existing building structure. One thing that is important here is multi-layer filtration in whose development especially our fellow workers Dr Kruetzschmar and Merkel are involved. This intensification led to noticeable results in the improvement of working and living conditions of blue-collar workers and white-collar employees. Rising labor productivity, through the introduction of basic wages in combination with scientific work organization, made it possible to raise real wages. With progressing mechanization and automation, as well as changed work organization it was possible to reorganize or entirely eliminate about 1,250 jobs or 52 percent involving heavy physical labor and 520 jobs or 48 percent involving unhygienic conditions.

Special recognition was given to ways in which work was made easier during the maintenance of the sewage network through accelerated mechanization. Due to the construction of 1,700 individual homes and company apartments during the seventies as well as better maintenance for thousands of buildings, the housing conditions for many worker families were fundamentally improved. We thus have confirmation of the fact that the greater effectiveness and output increase due to intensification and rationalization is of personal benefit to everyone.

Economical water utilization in industry, in agriculture, and in other sectors of the national economy is extremely important in water industry intensification.

Its successful implementation was an important prerequisite for the accomplishment of many water industry tasks adopted by the Ninth SED Party Congress, especially for water preparation and water supply to carry out the housing construction programs and for the intensification of socialist agriculture. The reduction in specific water consumption by 20 percent, as called for in the party congress directive, was achieved to the extent of about 25 percent. Thus it was possible for the first time to attain rising commodity output with the same water utilization volume. During the preceding 5-year plan period we still needed 5 percent more water. Between 1976 and 1980, we saved 230 million cubic meters of water and about 20 million kilowatt-hours per year. This water volume corresponds to an additional storage capacity worth about M2.5 billion. Water tapping from the public drinking water network for industrial production was reduced from 21.5 to 20.9 percent. Large reserves can still be tapped here.

Many workers in the factory water sector of industrial combines and enterprises, of agricultural producer cooperatives, and state enterprises in agriculture and the essential foods industry, many engineers in the State Water Inspectorate and the VEB WAB, as well as managers and staff members of technical agencies for environmental protection and water industry attached to the councils of the bezirks and kreises played a great role in these good results. The introduction of new scientific-technological discoveries and the implementation of a whole series of innovative proposals proved to have been good ideas in connection with rational water utilization. Scientifically-based standards for water requirements, water circulation and recovery of useable substances from wastewater were also used increasingly. Government guideline targets issued during the annual seminars of the Council of Ministers or the councils of the bezirks, regarding economical water utilization and the struggle to win the honorable title "enterprise operating

in an exemplary manner in terms of the water industry" also contributed to this success. The achievements of water industry employees in all sectors of the national economy were recognized and rewarded through the resolution of the SED Central Committee Secretariat and the Council of Ministers to the effect that the third Saturday in the month of June of every year is to be marked in a dignified manner as "Day of Water Industry Workers" and that the honorable title "meritorious water industry employee of the GDR" is to be awarded. This appreciation is a powerful incentive for the water industry workers to launch new initiatives.

Our Better Conditions for New, Demanding Projects

Building on our achievements to date, the water industry employees tackled their undertaking in connection with the tenth SED Party Congress. Here they started with the higher requirements of the eighties, the necessary output and especially effectiveness increase to new dimensions.

What are the conditions and prerequisites in the water industry that will facilitate an even greater effectiveness increase? How can the ratio between expenditure for water industry measures necessary for the national economy and the desired results be further improved?

Good results were achieved in all WWB (water industry directorates) and VEB WAB in the course of socialist competition in conjunction with complex socialist intensification during the Leipzig movement. The important thing is to use these results for all new projects in such a way that the share of rationalization investments will be increased by another 15 percent to a total of 70 percent and that at least 70 percent of the capacity increase for drinking water preparation and 50 percent of the increase for wastewater treatment will be achieved through the rationalization of existing plants.

This task can be implemented through the basic assets of the water industry which have grown considerably since the Eighth Party Congress. At the beginning of the seventies they came to about M17 billion but in 1980 they were almost M25 billion. In all sectors of the national economy, fixed assets involving water-industry installations add up to a value of about M50 billion, 28 percent of the waterworks capacities, 24 percent of the wastewater treatment capacities, and 15 percent of the water storage capacities were created during the seventies. Nine out of every ten GDR citizens are already being supplied with drinking water from central plants. In every hamlet and town, city, and in big cities and major communities, we currently have about 5,900 waterworks. Today, more than 67 or 51 percent of the households are connected to sewers and wastewater treatment plants. The majority of cities and many villages have about 900 filter plants. In some cities they remain yet to be built.

These tremendous fixed assets and their territorial distribution facilitate and urgently demand the implementation of socialist intensification everywhere.

The main effort in intensification is to speed up scientific-technological progress. First of all the important thing here is to use high-performance methods to increase the output by 30-100 percent for drinking water preparation and

wastewater treatment in existing plants, brisker mechanization of maintenance work and a correspondingly more effective work organization especially for the implementation of planned preventive maintenance.

For this purpose, research capacities were considerably expanded. During the seventies, the number of employees in scientific installations more than doubled. The number of workers in the planning sections during that same period of time went up to 119 percent. Funds for science and technology were almost doubled during the same period of time.

Numerous scientists and engineers are working on new high-performance methods and on the development of new equipment in the VEB WWT formed in 1979, with 14 plants and 4 research center, employing around 4,000 persons. Research cooperation with the USSR, Czechoslovakia, the Polish People's Republic, and other countries of the socialist community increasingly influences the speed up in scientific-technological progress. Both in the CEMA and in the course of bilateral collaboration it is important fully to utilize all of the increasing possibilities. Many newly-developed methods, equipment items, and rationalization instruments should be introduced into practice much faster through better management activities on the part of the combine.

Educational Opportunities Utilized

The educational level of employees and managers in the WWD and the VEB WAB has risen considerable. Between 1971 and 1980, around 10,000 workers completed vocational training so that today about 90 percent of all workers have a vocational training certificate. Right now, more than 90 percent of the workers in the water industry have completed courses as skilled workers, foremen, or as technical school or college graduates, compared to 65.4 percent in 1970. We have an efficient system of periodic advanced training for specialists, foremen, and managers.

In recent months, finally, we have had a whole series of measures aimed at the methodics of management activities in the VEB WAB and the WWD which will lead to a situation where manpower and efforts, especially on the part of managers and supervising engineers, will be aimed at complex socialist intensification in an even more target-oriented manner.

All of these conditions create more favorable prerequisites for a rapid increase in labor productivity, output, and effectiveness.

In socialist competition on the occasion of the Tenth SED Party Congress, the water industry workers set themselves demanding assignments regarding the fulfillment and overfulfillment of the 1981 national economic plan.

Under the leadership of the SED Party organizations, they aimed their efforts in the WWD during socialist competition at increasing the available supply of underground water by an additional 5 million cubic meters and the supply from storage facilities by an additional 3 million cubic meters. To be able to supply drinking and utility water in the planned orders of magnitude, it is furthermore necessary, with the minimum possible social expenditure, to increase the available supply of

surface water by 21 million cubic meters. The available supply of underground water is to be increased through preliminary reconnaissance by 280 million cubic meters and through detailed reconnaissance by 41 million cubic meters. Besides, an available supply of 27 million cubic meters is to be guaranteed through an improvement in the scientific foundations and methods of water management. The wastewater treatment plants should process at least 580,000 EGW (inhabitant equivalents) more and the contamination of water bodies should be reduced by at least 160,000 EGW. Here again the production collectives in the VEB WAB made a great contribution.

The rising national economic effectiveness of the water industry is advanced by the further rational utilization of water for which purpose the new economic incentives must be used in a consistent fashion. All water industry employees in government agencies, in the WWD, and the VEB WAB face the task of this year reducing the anticipated absolute water requirement of industry by 550 million cubic meters and the specific water requirement by 5 percent through broad teamwork with the managers, the production collectives, and the factory water management personnel of the combines, enterprises, and cooperatives. Besides, drinking water delivery from the public network to industry is to be reduced by 7.5 million cubic meters. The specific water requirement of agriculture must also be reduced for example by more efficiently developing the washing and cooling processes in livestock production.

New tasks involving rational water utilization must be accomplished also in the building industry.

Far more attention is being devoted than ever before quite justifiably to the nature and the protection of water bodies, especially drinking water resources, in all competition resolutions of the collectives in the WWD and the VEB WAB. The state of underground water, but above all the condition of some surface water bodies, must not become a limiting factor in the multiple utilization of water. This is why, in way of implementation of the 10 July 1980 Council of Ministers resolution, an effort must be made in working with enterprises and industry and cooperatives in agriculture to make sure that both the instant measures and the long-term tasks aimed at the reduced introduction of noxious substances, especially nitrates, phosphates, the most varied organic substances, etc., will be achieved.

Here the important thing is to make sure that all measures for drinking water protection, adopted by local people's assemblies, will be strictly guaranteed. In the enterprises of the chemical and coal-processing industry, the cellulose and paper industry, as well as the essential food industry, it is necessary, on the basis of scientific-technological progress, to recover useful substances from wastewaters to a much greater degree than has been the case so far in order to improve materials savings and thus to reduce the contamination of water bodies. This is doubly beneficial to the national economy. Efforts in all water-using sectors of the national economy must be aimed at further increasing the output and availability of existing filter plants.

In the competition programs of all VEB WAB, the enterprises of the VEB KWF, and WWD, the pledges regarding the reduction in the investment expenditure are heavily

[illegible] The important thing is to increase the daily capacity of the water-works and the filter plants by an additional 150,000 or 10,000 cubic meters in connection with supplying water to the new housing construction areas. To improve the drinking water supply level for the population, the households of [illegible] villages and in rural areas are being newly connected to the central drinking water networks. Besides, the drinking water quality for at least 100,000 citizens and the condition of drinking water supply for 200,000 citizens in terms of quantity and pressure are to be improved.

All of this must be done primarily through accelerated intensification. In all of these projects, scientists are to a great degree involved in speeding up scientific-technological progress. In the museum of the Tenth [illegible] Party Congress, they will exhibit new, effective and complex intensification solutions partly already for entire supply regions. In all [illegible], such complex reconstruction solutions are being studied as examples for further intensification projects. Their analysis must be organized in a responsible fashion within the framework of the rationalization program.

A high productivity of all plants and networks is required for a steady drinking water supply. This is why the maintenance and repair collectives are concentrating their efforts on comprehensive implementing preventive maintenance. They use the measure of the pace-setter brigades of our fellow worker Germanos from the Bratislava supply region, our fellow worker Ivanka from the Ostrava supply region, and our fellow worker Kubat from the Brno-Malchov supply region which were generalized at the conference in December 1980 in Lubanecka. The emphasis is on the establishment of special and mobile brigades for planned maintenance, through selection and introduction of residential areas for complex reconstruction of networks, faster modernization of networks, and consolidations with organization as such.

Some Implement Systems and Machine Service Required

All of these tasks require us further and faster to strengthen the material-technical base. Now, the managers and production teams of the [illegible] have a very great responsibility. Above all we need new equipment systems for high-performance maintenance. Specialized vehicles for maintenance work on installations, networks, and water bodies, as well as the most varied rationalization equipment. The equipment currently produced in the enterprises of the ministry requests considerably better technical development. This necessitates the further perfection of planning and management of the ministry. Industrial commodity production must be increased by at least [illegible] percent in 1981. Above all, it is important to guarantee the absolutely exact and [illegible] management and planning of research, development, project planning, production, and sales in the ministry itself and to develop cooperation relationships with other ministries and the enterprises of the water industry on the basis of stable long-range contracts and contracts.

The tasks arising in complex intensification must be connected with further improvements in working and living conditions. Special attention must be devoted [illegible] to the construction of at least [illegible] jobs, the improvement of work safety and health protection in all enterprises, and the development of scientific work organization. The water industry employees have set themselves the goal, in comparison with socialist competition on the occasion of the Tenth [illegible] Party Congress,

to utilize the increased material and intellectual capacities ever more effectively. All in all, the programs show us the following: following the example set by the Carl Zeiss Jena combine VEB, the workers will, regarding performance decisions for the water industry, will achieve an additional output of one percent of the annual plan above and beyond the 1961 government targets and will record one day's output by the tenth party congress. Knowledge concerning the community and personal benefits to be derived from diligent work provides ever new impetus for broad mass initiative. This at the same time promotes the endeavor to make resolute use of reserves emerging through the output differences of various waterworks and plants, for the sake of further economic growth. We all know that by giving our best on the occasion of the tenth party congress, we are promoting the welfare of the people.

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GERMAN DEMOCRATIC REPUBLIC

CONSEQUENCES OF HOUSING SHORTAGE EXAMINED

West Berlin DER TAGESSPIEGEL in German 24 Apr 81 p 13

[DPA report by Ludwig Lunte: "Even GDR Citizens Occupy Vacant Apartments—Waiting Periods Stretch Into Years Because of Increasing Demand With Too Little New Construction—Economic Development Hampered"]

[Text] A housing shortage, so it seems, is a problem common to both Germanys. And those with the responsibility on both sides of the Elbe are having trouble finding a solution. Much of what makes headlines in this country is not unknown in the GDR: an acute shortage of living space, state housing construction and modernization programs—and even squatting.

"Still, we are well aware," stated Erich Honecker, chairman of the Council of State, at the Seventh GDR Conference on Construction, "that much remains to be done to create good living conditions for all citizens." Anyone who has ever looked for housing in the GDR can say just how much: Neglect in housing construction during the 1950s and 1960s, aggravated by steadily rising demand, has caused a total blockage in the housing "market." Applications for housing, which must be made at the state housing authority, can, as a rule, only be met after a waiting period of several years. So young married couples must often be content to live in their parents' home or in a hostel room, which has brought many marriages to a premature end.

Employment openings in metropolitan areas like East Berlin frequently come to nought because the applicant has to give an assurance ahead of time that he already has a place to live or will not lay claim to one. The amount of living space allotted by the state, for example, one or two rooms for a couple with a small child, often falls far short of the actual needs of those involved.

Standards Often Unsatisfactory

The standard of housing in the GDR is often unsatisfactory in many respects: in 1979 only 22 percent had central or collective heating (FRG: 60 percent), about one-half had neither a bath or shower nor an inside toilet (FRG: 20 percent). Much housing is in wretched condition because there is a shortage of building material and labor to carry out short-term repairs, the state housing administration in many places does not look after the housing adequately, or private home owners lack the funds to pay for repair work.

a stagnant and qualitatively inadequate housing market also adversely affects general economic development, as the GDR already found out once in the 1960s: there is a population shift away from large centers, low worker mobility and difficulties in recruiting a labor force for newly established plants, a decline in the birth rate and latent discontent, which in turn affected performance and productivity.

Since 1971, therefore, expenditures for housing construction in the GDR have risen enormously. The housing construction program was made the nucleus of social policy and it also survived the cuts which were made in the program "for the unity of economic and social policy," a program which, since 1971, had stood for a policy of the state and party leadership that was directed more strongly toward improving living conditions.

Between 1976 and 1980 a total of 550,000 new units were built and 300,000 houses were modernized, just for 1981 174,500 houses are planned, either new constructions or repairs. In the past years the housing construction program has taken M 55 billion of the GDR's national budget, in the next 10 years another M 145 billion are to be invested.

So far, however, mainly large plants, workers' families and families with a large number of children have been able to enjoy a newly built or modernized home, while the situation has scarcely improved for those looking for housing who do not fall into these categories. Bureaucratic lethargy and the "organized irresponsibility" of the state housing administration are not least to blame for the shortage of living space, although the waiting lists are getting longer and longer, numerous empty houses, above all in the big cities, have not been located and thus they fall into total disrepair.

Last year the city of Leipzig gave its mail carriers the job of reporting empty quarters to the authorities; in East Berlin the Municipal council passed a decree, according to which anyone who finds a dwelling that has been empty for some time and who reports it to the appropriate authorities, can exercise the immediate right to move in.

Moving in illegally

Many people distrust this ruling and promptly resort to self-help. It is above all younger GDR citizens, like the 26-year old student Matthias L., who lives in the Pankow section of East Berlin, who circumvent the waiting period for allocated housing simply by breaking the lock on housing that is empty and moving in illegally. "A buddy of ours," he stated, "said there is an empty apartment upstairs in the house next to me, install a new lock and move in. And since he got his place in the same way, we did it as well." The young man, who has taken over a one-room apartment in a rickety apartment building with his wife, would not have had a roof over his head otherwise.

"Once you are in the apartment," he says, "you mustn't weaken. Now a paper war starts with the KWV (Communal Housing Administration), and first they make the wildest threats against you that cannot possibly be carried out if you have reported to the fire have to keep stressing that you are not leaving, because you have nothing else. Then they will soon make a few miserable alternative offers if you have occupied housing that is too good; if not, the day will come some time when your legal authorization drops into the mailbox with the significant sentence: "Social forces have acknowledged that you have need of this dwelling."

MINISTER DISCUSSES FINANCIAL POLICIES FOR NEXT FIVE YEARS

Budapest NEPSZABADSAG in Hungarian 9 Nov 81 p 14

[Speech by Istvan Hetenyi, minister of financial affairs: "Concerning Financial Policy in the Sixth Five-Year Plan"]

> [Text] Istvan Hetenyi, minister of financial affairs, gave an introductory speech concerning a few, especially timely questions of the financial policy of the Sixth Five-Year Plan at a two day conference which began on 5 Nov organized by the financial affairs special department of the Hungarian Economics Society at the headquarters of the Chamber of Commerce. In what follows we publish excerpts from his speech.

We frequently say—in connection with our tasks but in connection with our achievements also—that the role of financial policy has increased. I would like to emphasize that what is involved here is not something which is becoming independent but rather a financial policy which constitutes a part of economic policy. The more financial policy is embedded in general economic policy the more we can talk about an increase in its role.

An important task of the financial system, of regulation, is providing financial support to an economic policy aimed at strengthening the balance.

The Task of Regulation

Income regulation, or more problematic, taxing profit performs a task in general enterprise regulation. In addition to and by means of controlling demand this system has the task of influencing the behavior of the enterprises in a favorable direction and prompting them to increase the efficiency of production, trade, etc. I deliberately use the word 'prompting' instead of 'compelling,' which is in general use in our professional vocabulary, because there is no regulator which could compel something from someone who was unable to do it. In addition it is difficult to reconcile compulsion and creative work, because compulsion could mean handing hand and foot. On the other hand, 'prompting' is more than providing incentives, because it rather involves assurance and making one responsible.

A demand justly made of regulation is that it be as uniform as possible, that it not start from the different situation or different tasks of individual enterprises.

Of course this does not exclude, indeed it makes desirable, that the basically different possibilities of the several branches be taken into consideration. With appropriate regulation which is normative in this sense--in the case of consistent economic guidance--the best way to attain extra income is to increase international competitiveness, which also means effective use of assets, increasing the productivity of work, rational acceleration of product and manufacturing development and increasing marketing activity.

Just Criticism

In the case of regulation of this character differences in the level of management will result in a differentiation of profit--and indirectly in increasing developmental possibilities and to a smaller degree in increasing personal incomes. Of course, a characteristic differentiation of enterprise incomes will not develop overnight. A further development of the production structure is a fundamental tool for increasing efficiency. So we must reckon with the fact that after a few years the differentiation of incomes will increase, and in general we want to aid this process rather than hold it back.

The increase in production in 1980 already reflected that difference which derived from the differing adaptability of the several enterprises. It is gratifying that a small group of enterprises developed where the difference in profitability exceeding the average was greater than in 1979.

One aspect of the criticism of the price and regulator system emphasized that it did not adequately prompt economic growth, indeed it appears "anti-expansionary" in a period of depression. I would like to emphasize again that it is in our interest to prompt only that growth which strengthens the balance. We have done many things to this end already--I am thinking here of making smooth the path for enterprise capable of dynamic development--but it cannot be disputed that further determined steps are necessary which will ensure better than today progressive possibilities for enterprises capable of development. And, of course, this will require social support for a strengthening of the differentiation already mentioned, and for the consequences thereof. In this process the weakest must fall and in the meantime we must reckon with the fact that at a higher average level there will always be new ones which are the lowest.

The regulator system is also criticized in that it encourages structural transformation unevenly. Thus some enterprises abandon products which the economy still needs while bad enterprises retain products worse than the former. Being sensible of this problem we have wanted and we do want to reduce the price and income restrictions for enterprises operating with conditions more favorable than the rate of exchange, thus also aiding a swifter development of the best.

Prices and Supports

We must follow the further development of the price mechanism with close attention, seeking solutions which will aid a consistent implementation of the price principle, by lessening unjustified restraints or by putting an end to laxity in price formation and strengthening the requirement character of it. One of the preconditions for the effective functioning of our financial system is that the profit ratios

being realized in prices increasingly reflect the real efficiency ratios. For example, on the basis of experience we made it possible for an enterprise which is exporting economically--less so than before, perhaps, but still economically--not to have to follow the enterprise level deterioration in economicalness by decreasing domestic prices.

In the course of the large-scale price adjustment of 1 January 1980 distortions, unjustified profits, etc. were necessarily produced; these were essentially straightened out by the modification of financial regulators carried out in 1980 or on 1 January 1981. So it is to be hoped that we will not be forced to make changes on such a scale in the future and that we will come closer to that not unjustified enterprise demand that changes in the regulators should be more predictable.

In regard to supports policy, the requirement of normativity should be increasingly realized in this area also. This means that it is possible to support certain types of activity temporarily, tied to conditions, but as much as possible we should avoid supports which try to ease the special management problems of individual enterprises. New provisions in connection with the management of deficit enterprises or those short of funds already set down the principle that the enterprises should solve their problems primarily on the basis of their own resources, possibly with advance credits on them.

This is not dictated by some sort of fiscal austerity but rather by the sober consideration that if the state must give money to backward enterprises--even to maintain their renewed production at a backward level--the funds for this can come only from enterprises which work well.

Finally, let me talk about a unique problem of regulation and incentive, one which comes up in everyday debates again and again, namely the base view. We consider it completely natural that when we talk about economic growth or the development of the standard of living we make a comparison to the preceding period, at the level of the people's economy or even for individuals. It makes for healthy thinking if we take a look to see if something extra is available, for this is a precondition to the distribution of something extra. But we must recognize that since this interdependence appears in everyday enterprise life via our regulator system this frequently means that the enterprise must strive for continual and even growth, that things go better if it abstains from achieving outstanding results. In my opinion this problem is exaggerated in the debates, because we have already taken a number of steps which make as possible for enterprises to get through the slowdown which almost necessarily follows quick growth. But we have not succeeded in entirely ending those elements of regulation which prompt "holding back." So we must continue to deal with this problem, which appears most sharply in connection with regulation of earnings, and we must seek methods which encourage the enterprises more than today to discover and make more use of the possibilities.

Even with the decrease in investment volume the fixed assets of the socialist sector are to be expanded by 15-16 percent and this--taking into consideration also that assets efficiency deteriorated in the preceding period--will provide a sure

foundation for the production prescriptions. It is important, however, that we strive with appropriate measure to reduce the tensions on the investment market and to reduce the number of uncompleted investments.

Investment and Credit

The degree of determination of investment in the Sixth Five-Year Plan is substantially smaller than it was at the beginning of the Fifth Five-Year Plan, which is the result of the limiting or strong reduction of new starts in the past 2 years. So there is a way to realize developmental ideas which will result in the development of the product structure, in increasing the base of goods which can be exported economically and in economical replacement of imports.

A significant task falls on the credit activity of the banks in the financing of both working and fixed assets in regard to a realistic setting of credit maturity times and the fulfillment of obligations. There can be no doubt that credit belongs in the category of the more flexible regulating tools but in the given period--with the placing in the foreground of the most economical goals which pay off quickly--we must emphasize its role in transforming structure and in control of purchasing power.

Now the question arises: Is there enough money for development? "Enough" is difficult to quantify. It is certain that not every goal, good in itself, will find a financing source but it will be possible to finance through credit those which are best in competition, those which most aid to resolve the bottlenecks in the people's economy. Of course, much will depend on what resources are needed in and activities which are temporarily deficit ones, to make them economical.

Mention has already been made in the lecture of our foreign trade strategy, in which we place the chief emphasis on export orientation. Import replacement can have a complementary role in this also. We must applaud, indeed we must encourage, all forms of energy, material and even investment conservation because under our conditions this means, in the final analysis, import conservation also. One can imagine developments the goal of which is to replace import and which can be judged the same way as export development if they mean real savings in foreign exchange and a swift forint return.

In our foreign economic contacts we continue to attribute fundamental importance to contacts within CEMA. Our financial system also must accomodate to the special mechanisms developed within CEMA and we must ensure that in the future also we perfectly satisfy our inter-state obligations on the basis of the principle of mutuality. But we must also take cognizance of the fact that under the conditions of our foreign trade structure the expansion of CEMA trade depends not only on the incentive system of the Hungarian mechanism but also and much more on the development of appropriate economic cooperation, on the possibilities for importing the energy, materials, machines and consumer goods which are of fundamental importance for the Hungarian economy.

Within CEMA Also

At the same time we must also take cognizance of the fact that the world market price principle will be realized within EMA also--although with a certain time lag.

Thus, if we want to take part in the international division of labor on the basis of comparative advantages--and to do so to an ever increasing degree--we must consider it as part of the natural order of things that in our internal regulation also capitalist world market prices and conditions will have an ever greater role even if this makes financial regulation somewhat more complicated.

The financial system will aid an increase in export volume and an increase in efficiency if, on the one hand, it keeps domestic purchasing power within appropriate limits and, on the other hand, it makes the enterprises interested to a maximum degree in economical exploitation of their capacities. This will create a two-sided effect as the resultant of which our export sales receipts can increase.

Our financial measures in connection with foreign trade must also aid the association of producing and trading enterprises, having them work on the basis of common interests. Every artificial restraint limits the effect of market impulses and holds back an accomodation to market needs.

In conclusion let me mention those human factors which, together with the development of an appropriate public mood and the accompanying development of general thinking, are necessary if the regulating tools are to truly play the previously mentioned prompting and, in a certain sense, motor role. If we were to expect everything or almost everything from the regulators then we might neglect the demanding tasks of political work, cadre work and leadership without the solution of which the best regulation would not get far.

The general political atmosphere in our homeland serves as an appropriate background for the realization of this role.

9484
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REACTIONS TO EXTERNAL INTERVENTION AT TSZs EXAMINED

Budapest FIGYELO in Hungarian 8 Apr 81 p 15

[Article by Margit Rideg: "Planning and Expectations in the TSZs" (producer cooperatives)]

[Text] The expression "the national economy's expectation" is a well known one. It represents a certain urging to undertake some important project which is often not exactly profitable for the enterprise. Collecting information by means of a questionnaire, the Cooperative Research Institute interviewed 60 TSZs (poor, average and good operations were represented in equal ratio). The institute examined how the substance and the format of contact between the cooperatives and outside organs affected the yearly and the medium-range (1976-1980) planning practices of the producer cooperatives.

The concept of "outside organs" means primarily the social organs for the individual producer cooperative, but the council organs and the regional associations of the producer cooperatives also take part in forwarding the needs defined by the TSZs. On the other hand, "expectation" means a direct voice in the economic operation of the producer cooperatives which is aimed at determining the quantitative characteristics of production, often ignoring the farm's given circumstances and goals.

This method of directing often involves incalculable financial sacrifices by the producer cooperative. There is no doubt that in practice the producer cooperatives try to implement these expectations, but even in spite of their intentions there is no assurance that they are able to carry out the tasks they accepted on the basis of "convincing."

Opinions About Interference

Twenty-six percent of the 60 producer cooperatives polled altered their medium-range plans for 1976-1980 under the influence of outside interference. Thirty-three of the 40 answering the question "Did you complete the direct expected tasks?" replied in the affirmative. On the one hand, this is an indirect acknowledgement that at least 40 or 66 percent of the 60 farms interviewed did receive some task for the plan time period. On the other hand, this information by itself may create the impression that the farms accept and carry out the expectations.

The opinions of 41 farms about the necessity of interference by outside organs can be placed in 3 groups:

--they are unnecessary, or harmful;

--they are necessary, or necessary under certain circumstances; and

--they do not occur, or they do not cause significant changes.

According to those who oppose interference, the regulatory system must be developed in such a way that the producer cooperatives would make their plans and conduct their economic operations in harmony with the national economy's goals. That is, the natural circumstances of the farms are not taken into consideration in the "expectations."

Interestingly, the highest ratio of cooperatives speaking up against interference were in the poor category. One of them gave the following opinion which can be said to be universal: "The interferences concentrate too much on the national economy. However, if the producer cooperative subordinates itself to the higher interests, it receives little help in bearing the disadvantages deriving from this. But the important thing would not even be to receive a lot of help; rather, there is a need for more independence in economic operation. In this case more responsibility can be placed on the shoulders of the managers. There may be a need for interference in certain cases, but these days this should be aimed at helping the operations clamber out of the very problems they got into because of the expectations of earlier years."

The reasons of those who accept the necessity of outside interference are as follow: the central will, the national economy's interest can prevail only if implemented by state and social organs. It has a helpful role together with the authority to supervise, because financially irresponsible decisions can occur. There is need for these interferences in the interest of distributing the loans and the state subsidy in a differentiated manner, and also in order to coordinate the plan's tasks.

For the Outside Organs'

However, on the basis of our experiences it appears that those who advocate the necessity of interference are referring to it for operations other than their own. While it is true that outside interference in planning can have a certain stabilizing role, for example, modifications in the process of income regulation can force the farms into continuous maneuvering. This means that even the medium-range plans prepared with the most circumspect work can be used in practice for only a year or two.

For example, in one of the lectures delivered at the Samuel Tessedik Trans-Tisza Agricultural Scientific Days held by the Debrecen University of Agricultural Science the definition was given that "... development plans are not supposed to insure that practical foundations are laid down for growth, but rather they are intended for outside organs and for the directing organs."

Since the directing organs have actually gotten used to being able to solve practically any kind of a problem--at least at the plan level--even in spite of the

fact that the economic regulators are "not always practical" at the beginning of a five-year plan's time period, they do not demand accurate documentation of the changes in the development ideas of enterprises. It is simpler to use "assent" or "influencing" to modify the preparation of annual plans, or in many cases plans approved by the general membership meeting, if those were not worded in accordance with the national economy's needs as assumed by the directing organs.

Even in spite of all these things, the producer cooperatives need continuous development planning within the limits of the expectations. However, in most operations the development ideas to be valid for 5 years are represented by plan information sheets filled out either well or poorly, but mandatorily at the beginning of the plan's time period.

Based on the answers of the 60 producer cooperatives, deviations from the established goals were made in only 14 farms, or 23 percent of the examined operations, in the implementation of their medium-range plans--at least on the basis of experience gained in the first years. However, considering the plan time period in its entirety, more than 61 percent of the TSZs responding indicated that they deviated from the plan in the form of overfulfillment, falling short, or modification. But experience shows that the deviations refer to one or two overall index numbers (value produced, sales income, gross income, etc.), which do not say much about the fulfillment of the natural plans.

In its details, the economic operation does not follow the official medium-range plans at all. It was the opinion of 65 percent of the interviewed operations that the income which can be obtained and used under the regulations in force does not provide sufficient financial opportunities to achieve their main goals.

The Plan's "Utility Value"

When the interviewed operations qualified the factors influencing the reality of the plans, a thought-provoking picture developed. For example, due to the effect of differentiated changes in their production costs, 55 percent of the interviewed operations decreased or increased the sizes of some of their branches, or eliminated some branches. On the other hand, a branch or branches were maintained in 41 percent of the interviewed operations which they did not want to maintain, either because these did not produce enough net income, or did not correspond to the operation's natural conditions, or because their production levels were hopelessly low.

For example, there was at least one branch in 76 percent of the examined cooperatives, which--even though it fulfilled an important role in the operation's production structure--provides such a small income that even the operation's total income is unable to cover the modernization needed by that branch. But these branches (hogs, cattle, vegetables, poultry, corn, etc.) are important from the national economy's point of view. And can the farms cut back on these branches when our economic management is fighting with political and also with mobilization tools to maintain and increase these very same branches?

There is no doubt that there are also internal, methodological reasons for the planning and plan implementation problems of the producer cooperatives, but the fact also cannot be left out of consideration that the way they make their plans and the

activities that plan depend not only on the approach of their managements to planning, and not only on the natural circumstances of the operations. It seems that in many cases the application of modern planning methods "helps" the managers only to see what would the economic operating program would be like, which they must avoid.

The OT [National Planning Office] directives concerning the time period of the third five-year plan and dealing with working out the medium-range plans of the enterprises, and the planning "assistance" extended in this spirit by the MÉM [Ministry of Agriculture and Food Industry] to the farms, provide the managers of producer cooperatives with an opportunity to choose a planning method which is practical for them, to do well-based planning work. But in addition to this, it continues to be an important task in directing economic operations that the relationships between the economic regulators, regional economic management and the autonomy of the cooperatives and enterprises should be put in order. Only in this way can the usefulness of the medium-range plans be expected to increase.

END

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198. FIRST QUARTER ECONOMIC RESULTS PUBLISHED

Budapest MEGYEI HIRLAP in Hungarian 19 May 81 p 10

(Text) According to the data of the Central Statistical Office, the production of metallic industry in the first quarter of 1981 exceeded by 1.9 percent the level of the year before. The chemical industry increased its production the most, but the production of the machine and light industries also exceeded the average. The production of the electric energy and food industries expanded at an average rate while mining, metallurgy and the construction material industry produced less than a year ago.

Domestic sales exceeded by 4.5 percent the relatively low level of last year. This includes an increase in product sales by industry of 4.7 percent for wholesale and retail trade, 13.4 percent for investment, and 3.9 percent for production. Export transfers declined by 1.8 percent as compared to the high base of the year before.

The number of those employed in industry was 35,200, or 2.2 percent, less than a year ago. Production per worker exceeded by 4.2 percent that of the first quarter of 1980.

Production by the implementation building industry was 4.3 percent less than for the same period in the preceding year. The March-end contract stock of the implementation organizations covered a smaller ratio of their annual target than a year earlier. The number of workers in the building industry declined by 3.4 percent as compared to the first quarter of last year, and production per worker declined by 0.4 percent.

Producers sold more pork and less beef and mutton than in January-March of a year ago. Poultry sales approximated the level of a year ago. More milk and wool and less eggs were sold than in the first 3 months of last year.

The social transfer payments were 6.2 percent more than a year ago. Savings deposits increased by 5.5 billion forints, more than in the first quarter of 1980.

Retail trade at current prices increased by 7.5 percent, at fixed prices by 2.8 percent. This included a rise of about 1 percent in the volume of purchases by the population. The sale of clothing items increased the most (by 5.1 percent). After

[illegible] of [illegible]. The rate of [illegible] industrial items declined in [illegible], and the average for the quarter exceeded by last year's [illegible] percent. Trade of food and luxury items increased a moderate [illegible] percent.

In the first quarter of 1981, the socialist organizations devoted [illegible] billion [illegible] to investments, [illegible] percent less than a year ago. Totals for state investments [illegible] by [illegible] percent and for enterprise investments by [illegible] percent.

Economic Indicator Table

First Quarter 1981
(in percentage of the same period in the previous year)

Socialist Industry	
Volume of gross production	
Total production of industry	[illegible]
Including: Metallurgy	[illegible]
Machine industry	[illegible]
Chemical industry	[illegible]
Construction material industry	[illegible]
Light industry	[illegible]
Food industry	[illegible]
Socialist industry, including food industry	[illegible]
Number of employees	[illegible]
Gross production per worker	[illegible]
Average average monthly wage	[illegible]
Implementation of [illegible] industry	
Construction industry investment	[illegible]
Number of employees	[illegible]
Average average monthly wage	[illegible]
Commodity trade and [illegible]	
Total	[illegible]
Including: Public [illegible]	[illegible]
Consumer [illegible]	[illegible]
Retail trade and [illegible]	[illegible]
Including: Food and luxury items	[illegible]
Clothing items	[illegible]
Miscellaneous industrial items	[illegible]

[illegible]	[illegible]
[illegible] agricultural products	[illegible]
live animals	[illegible]
animal products	[illegible]
Results of transportation enterprises	
Company deliveries (on basis of goods/ton/km)	[illegible]
Long distance passenger transportation	
(on basis of passenger/km)	[illegible]
[illegible] payments	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

[illegible]
[illegible]

EXPERIENCE WITH EXPORT DEVELOPMENT LOANS DESCRIBED

Budapest HEPSIAKADAJ in Hungarian 8 May 81 p 3

[Interview with Attila Csernok, vice-president of the Hungarian National Bank, by Katalin Boesanyi]

[Text] The export development credit program of the Hungarian National Bank (MNB) became known in the past plan period as the 43 billion loan action and during the 3 years 1,700 enterprises and cooperatives took part in it. The yield of the developments last year was already 1.4 billion dollars. Since this form of incentive credit will be maintained in the Sixth Five-Year Plan also—indeed it will be expanded—we asked Attila Csernok, vice-president of the MNB, to draw up a balance for the 43 billion action.

Favorable Results

[Question] It is frequently said that one cause of our economic problems is that we reacted only late to the changes which took place on the world market. Is this true of the export development loans?

[Answer] The fact that, compared to 1978, our foreign trade balance essentially came into equilibrium last year is a great common achievement of our policy and our economy. A significant role in this economic achievement was played by the fact that the MNB announced this credit program in 1975, on the basis of government authorization. Nearly half of the results achieved last year in improving the foreign trade balance derived from these developments. I reckon in this also the advantage that this credit action is an important linking element between international credit policy and internal financing. Our world market credit worthiness is improved by the fact that our partners can see in a tangible way what we are spending the credits for.

[Question] To what extent do the enterprise export achievements correspond to the well known strict credit conditions of the MNB?

[Answer] As a whole the enterprises were able to satisfy their obligations. The great majority of the developments pay off-in foreign exchange—in 3 years, significantly improving the foreign exchange generation index of export also. A number of enterprises achieved outstanding performance during the 3 years. These include, for example, the Jasdhereny Refrigerator Factory, which overfulfilled its undertaking by 81 percent, the Hungarian Cable Works, by 84 percent, and the Medicor, by 78 percent. It is worthy of note that among the small ones seven clothing industry cooperatives also achieved outstandingly good export performance. But it is a problem that the

enterprises assumed the credits under different game rules, different conditions of regulation or at a substantially higher profit level than the profit they can make today even with improving management. This makes it difficult to pay off the loans. I trust that in these cases we will be able to come to a sensible compromise. In the interest of maintaining and increasing the entrepreneurial spirit we are keeping the door open for every profitable business even if at the beginning the enterprise contending does not have its own developmental fund free. It is our opinion that the profitability of the deals and not exclusively the present capital strength should be the viewpoint for correct selection.

Developmental Islands

(Question) Were there no failures?

(Answer) Some 25-30 percent of the developments fell short of expectations to a greater or lesser degree. I do not consider this a bad ratio, and especially not a failure, because the much mentioned risk includes the fact that not everything will succeed. And the ratios speak for themselves. Because of the unexpected change in the market a few undertakings have not come in for the time being and there is a narrow circle where development slipped because of preparation or execution errors and the deal fell through. In the case of enterprises getting temporarily into a worse situation because of market changes it is justified for the bank to rate the enterprises on the basis of several years average, with suitable flexibility and rational patience, but in the case of neglect in the investment process action must be taken. So in a few blatant cases we initiated personal responsibility action with the branch ministries.

(Question) Doesn't it harm our competitiveness in the long run that in general the capacity being created in the wake of the export development credits does not embrace a vertical technology, does not extend to complex manufacturing branches?

(Answer) You mean that they are too much rather like islands? That is true. This problem, and within it the lack of a high level, flexible background industry, weakens our competitiveness not only for tomorrow but also for today. We took this into consideration in judging earlier credit requests. But we had no other possibility. Improving the balance was an urgent task, so we had to strive for quick results. We were racing with time, and in such a situation these developments could not have undertaken the complex task of solving half a century of backwardness in development, disproportions in industrial development which came into being over decades. In any case, these "islands" now exercise an ever more powerful attractive force on their own backgrounds. In the future the linked developments will be favored, so in time the long-range industrial policy and the shorter range balance interests may come into harmony.

(Question) According to some experts one drawback of the credit action is that the transformation of the product structure is slower than desirable in the enterprises being developed for export—as it is in other areas of the people's economy.

(Answer) I do not agree with this categorical condemnation. In the first place what is desirable and what is possible are two different things which it is no use to mix together. If we do not formulate our desires within the framework of realities we will be in for some bitter disappointments and we will be condemning ourselves to be backward always. But this is a broader question going beyond changes in the product

structure. In the second place we must start by asking: What was the goal of the credit action? Did we want to gain immediate structural policy advantages or did we want to uncover possibilities which could be quickly exploited to improve our balance situation? Not to speak of the fact that there was a demand for these products on the market, they were buying these products from us. Insofar as one can judge, it is my experience that the slow change-over of products was most characteristic of the period before 1976. In recent years—in the wake of a tangible change in enterprise view—we have been appearing on the world market with more and more new, modern, better quality products. And even if we did not bring about a swift structural change, we did stimulate the enterprises in a direction desirable for the people's economy over the longer run. Two thirds of the credits were used by the processing industry, including primarily the machine industry, the food industry and the chemical industry.

More Credit, and Less Interest In It

(Question): The export development credit framework will increase significantly in the Sixth Five-Year Plan, but there is less interest in it. Why?

(Answer): The initiative taking, enterprising spirit has declined in comparison to the time when the export expansion credit action was started, and I consider this a dangerous trend. This suggests a failure of nerve on the part of the entrepreneurs just when there is a need for dynamic export growth, for an expansive enterprising policy based on rational risk.

(Question): What could be the cause of the reluctance?

(Answer): An undertaking is a question of mutual trust. It is my experience that the uncertainties of world politics and of the world market, the domestic enviroment and the unforeseeable changes in regulation have combined to create the picture we see. What worries me, personally, is the general standstill of industry last year. It appears that even the enterprises which were competitive and developing dynamically earlier are unable to move forward continually to the desired degree. In my opinion, in defense of the future we cannot permit ourselves this lapse. The balance is a very important point of view, but it is not only a short-range requirement. It is a question of very delicate consideration and decision how to reconcile the balance of today with the requirements of the balance of tomorrow, and the day after tomorrow. The situation is increasingly difficult on the world market, our entrepreneurs must gain ground in an ever sharper competition. We have an important interest in not destroying our changes from within; on the contrary, we should aid a dynamic growth of activities which improve the balance. This is why we must thoroughly—and very critically—analyze the functioning of the price and regulator system thus far, in order to remove as soon as possible those irrational restraints which hold back a growth in export.

To Encourage Undertakings

(Question): Do you feel that those enterprises which have proven themselves thus far are capable of a good continuation in the future also?

(Answer): Certainly. We must not forget that those who carried out developments in the past period on the basis of the needs of the capitalist market took a very great

risk too. Our enterprises appeared on various markets at a time of recession; their export expansion efforts were not born in an era of world market upswing. In more than one case their business deals were made difficult by discriminative measures also. And despite this the enterprises achieved the present results, certainly worthy of attention. But their future freedom of movement is limited by the fact that in some cases they do not even have money left to maintain the level--because they are paying off earlier loans out of their developmental funds. So we must consider whether or not, for example, in the interest of constant renewal and increasing the ability to bear risks, an enterprise carrying out a development aimed at export expansion should have at its disposal to a greater degree the amortization being generated--if this is necessary for credit worthiness. But, naturally, this is not in the banking sphere of authority.

[Question] More and more enterprises are formulating the role of the bank as an associate entrepreneur and suggesting that it would be great if the Hungarian National Bank would jointly bear the risk of the deal. What is you opinion about this?

[Answer] This falls outside the circle of the present activity of the MNB. We now carry out simultaneously the functions of bank of issue and credit bank, but it might be worth considering whether our tasks might not be expanded in this direction with time. But I feel a different sort of tension behind the demand for a sharing of risk. As I see it--of course, it may be that I do not see well--the enterprises are seeking some sort of outside ramp, because however much we emphasize the need for taking risk, for greater enterprising spirit, we have not yet found a way to ensure the appropriate financial background for this. This is more than a question of credit. This is a question of the system and magnitude of income withdrawal, a question of the guidance system. Regulation is not uniformly strict, and so a situation can arise where those who sail cautiously with an eye to the wind live in a more favorable financial situation than those entrepreneurs who try to make it in the most stormy waters, on the world market. After a while this situation makes it very difficult to change the product structure, to accomodate flexibly to market changes, to take rational risks and--to undertake things. And not only in regard to investment decisions.

FOR:
CSO: 2500/150

ESTABLISHMENT, TASK OF INDUSTRIAL MINISTRY DESCRIBED

Budapest TARSADALMI SZEMLE in Hungarian No 4, Apr 81 pp 9-19

[Article by Lajos Mehes, Minister of Industry: "Ministry of Industry Established: Why Was It Needed, What Are Its Future Tasks?"]

[Text] As is already known, effective 1 January 1981, the Presidential Council of the Hungarian People's Republic, acting on a recommendation by our party's Central Committee, dissolved the ministries of Metallurgical and Machine Industry, Light Industry and Heavy Industry, and established the Ministry of Industry as the organ that would be responsible for the management of industry.

Currently, our main concern is to ensure,

—that the Ministry of Industry continues to carry out smoothly the tasks of our government regarding industrial management;

—that our international ties remain intact;

—and that we define in detail the Ministry of Industry's scope of authority, its code of operation and its manner of cooperation with other organs of the government, as well as enterprises, institutions, regional state and social organizations, the unions and also the youth organization.

Since the time the majority of industry was nationalized 33 years ago, our country has undergone enormous economic and social changes. The industrial working class, industrial workers as well as industrial leaders can look back on these three and a half decades with pride and self-assurance. Industrial production has increased 10-fold. The distinction between villages and cities, to the fact that a significant portion of industry was built up in the countryside. Industry has played a great

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This speech by comrade Lajos Mehes was delivered at a conference held for enterprise managers on 9 Feb 1981. We are presenting an edited version of that speech. As a result, we have left out those lengthier sections which deal with the fulfillment of the 1980 annual plan, and the tasks outlined for 1981 and for the Sixth Five-Year Plan period, the content of these has been widely publicized.

role in changing our entire society's way of life by absorbing the surplus manpower released from agriculture, by promoting the mechanization of agriculture with its products, by transforming our population's households, transportation, trades and service industries with more modern equipment. It also played a role making the most of intellectual work to improve work-culture and also to strengthen general education.

The reason we have to evoke these epochmaking changes is so that when we look at the extent of today's problems, we neither forget where we started from nor how far we have come. Our politically determined economic policy goals have undergone great changes during the past decades. The first, extensive period of our development was characterized by efforts to implement the "as much as possible of everything" principle: industry had to turn out as many products, and provide as many employment opportunities as possible. During this era, the direction of industry was overly centralized and it asserted itself primarily by breaking down the projected plans. We have no right to belittle the significant economic achievements of this period. We must admit, however, that the recognition at the Ninth MSZMP Congress in 1966 has proved to be correct that in order to be able to make the shift over to a period of intensive development we needed all new methods of management. Policy gave rise to a new principle; the "cost is no object as long as it's a lot" principle could not be allowed any longer, because we already knew that it was important how much we paid for development.

This is what we had to come to recognize, and this why we launched our reform of economic management in 1966. We knew that this would be a long-term task, which would take at least 10 to 15 years to evolve, and we also recognized that it wouldnot be easy. It was clear, furthermore, that the extent of our progress could only be as great as the extent to which our political sphere, and our working masses could support our measures.

Implementation was hampered by distortions, and many, even some of the working class, failed to understand the new course. Not even today, in fact, has the new approach been successful in all cases in breaking through the barriers erected by old and traditional views. Efforts to alliviate tensions were also hindered by changes in foreign trade during this time. We also failed to recognize in time the severe burden this would place on our economy.

During the past 2 years, we have made significant advances toward recognizing the basic goals of our management reform. In order, however, to place these achievements on a firm foundation, we had to have the hard work and the experiences of the previous period. Without them we could not, for example, have implemented the kind of consumer price changes which we introduced in 1979 or to implement producer price changes in 1980. It must be said, however, that the significance of product and monetary conditions, that is to say, the significance of realistic pricing has still not been realized by either our leaders or the masses.

Enterprise independence, and the responsibilities which it entails, has still not developed sufficiently, nor is central management effective. And this leads us directly to those problems in our economic management which point to the weaknesses of our old system of industrial management, thus justifying the creation of a new kind of industrial management.

What I am referring to here is that enterprise independence has been severely curtailed by the decisions of a divergent institutional network in charge of the central management and control of our economy. At the same time the chain of command for certain economic decisions has been blurred. Under these circumstances, our enterprises have enjoyed greater protection than justified against the effects of changes which have been taking place regarding the conditions of our economy. It has become possible to pass on the consequences of poor and impetuous enterprise management to the national economy. As a result:

--under the present monetary and price system the ratios of enterprise profits have not reflected properly the existing differences in efficiency;

--the flood of individual measures with only loose connections with existing demands has weakened the profit incentive; consequently, enterprise incomes and development possibilities have not been differentiated according to performance either;

--the leveling off of personal incomes has been taken to extremes; workers' earnings are not sufficiently dependent upon their performance on the job, and the incomes of managers are often not in proportion with their efforts and responsibilities.

In addition to neglecting the importance of value processes and allowing the development of our consciousness to fall behind the times, consistent assertion of the basic principles of our reform has been further hindered by the fact that our institutional system has also failed to make necessary adjustments. The various fragmented management organs have, to a great extent, continued to apply the old methods: if not in form, then in the way they have issued their plan directives; if not in content, then in the way they have interfered in too many little details. By doing so, they have removed responsibility from the shoulders of enterprises without, of course, being able to actually undertake that responsibility themselves. This is why the branch ministries have been forced to become corporate bodies, too, since the only possible way they could undertake these responsibilities in a system of indirect management was by supporting the requests and conditions of the enterprises and by advocating their cause. Also, since the ministries have played an excessively large role in the making of enterprise decisions, their supervisory role has merely become bureaucratic, in many cases just a formality, and their observations have seldom culminated in definite conclusions.

This is what has made it necessary to replace our old, fragmented system of industrial management with a new, centralized and unified organization. In other words, we are talking about more than just a simple merging of three ministries: we are talking about reforming our industrial management from a higher level. While some functions which have been performed will have to be dropped by the new ministry, some will need to be carried on, and some new ones will even have to be undertaken. What are some of the things which we do not want to continue in the future?

We do not want to interfere in the everyday life of our enterprises in the same detailed and operative manner as in the past. We want the enterprises themselves to decide what to produce, to whom to sell their products and for how much; furthermore, we want them to determine for themselves how to utilize their share of their income, namely, to decide what to develop and how much to increase wages. The

enterprises, however, will also have to accept their share of the responsibility, together with all the attendant risks. Naturally, we do not intend to completely abandon our enterprises, but we will be more happy to deal with them if they come to tell us that they want to use the income they have earned by way of good management for development purposes, and that they want to find out if their plans are in harmony with our long-term industrial-policy concept; we will, however, be reluctant to deal with them if, as a result of poor management, they get into trouble, begin to operate at a loss or run out of funds, and then come to us for help to solve their problems. We will be glad to give advice under such circumstances, too, but we do not promise that we can also provide money.

Consequently, we do not want to continue functioning as a corporate body either; in other words, we want to eliminate all existing bureaucratic ties between our enterprises and ministries throughout the entire economic process, from planning to control.

Part of the management work which has been performed will also have to be continued by the new ministry. Namely, it will have to continue to assert its right of control over state-run industrial enterprises in all matters from the laying of foundations to reorganization; to insure the necessary conditions for the successful realization of central development programs; to prepare recommendations for state investments if necessary; and, in general, to take part in the implementation of our government's program. Control-related tasks will have to be performed in the future, too, though the methods used will have to be more modern and more economical than before. We must also continue to establish international ties and coordinate plans. We wish to continue to place especially great emphasis on Soviet-Hungarian relations. The conditions and the possibilities of our country's economic future depends, to a great extent, on the continued development of CEMA integration. Our relations with the Soviet Union are not only of economic, but also of political importance to us.

From the point of view of our future, our most complex and most important problem is determining our new tasks.

1. Establishment of a comprehensive industrial policy. Until now, industry has been formulating partial concepts, while at the same time the Planning Office has been drafting a concept of national economic dimensions. The former have been unrelated to one another, while the latter has proved to be too broad a concept for us. We have failed to formulate a development concept aimed at coordinating the various branches of industry viewing industry as an integral whole. We must rectify this in the future.

2. We must fulfill the strategically important economy-organizing function of industry which, among other things, is to reconcile different interests, that is, to coordinate the branches; to ensure proper harmony or symmetry among the linkages; i.e., to develop background industry, to coordinate research development, to eliminate existing shortcomings regarding cooperation among our factories--and the list could go on.

3. We must play an active and creative role in the development of those economic regulators which determine the economic conditions of our industrial enterprises so

that in addition to enterprise independence these regulators can also provide incentives to be efficient; namely, they should promote the dynamic development of well-managed enterprises, while limiting the number of those which have produced inadequate results. Enterprises showing poor results often blame their weak performance on objective causes. While these may be real, they do not change the fact that poor results are an indication that a given activity is unprofitable, meaning that it must either be rendered profitable, or be discontinued. Romantic thinking in this matter may be damaging to our society.

There are many reasons, therefore, which seem to justify the establishment of a unified ministry of industry. Still, it would be appropriate for us during this initial phase of implementation to dispel the misconception that this will be a cure-all for all of our economic problems. Let us be very modest both here at home and abroad, and not boast that we already have the philosopher's stone in our possession.

It would not be proper or fair to speak disparagingly of our previous system either. Under the given conditions and circumstances, faced with a variety of changing requirements and effects, the three ministries always tried hard to properly carry out their responsibilities. It was not they who fell behind, rather it was the tasks facing them which outgrew the organizational framework of our previous system of management.

The next subject which I would like to discuss concerns the outlook and working methods of the Ministry of Industry, and its views regarding some fundamental issues. We are faced with the problem of having to establish and form a unified ministry, while at the same time performing our 1981 economic tasks.

According to the work schedules of the Council of Ministers, the Economic Committee, the State Planning Commission, the Committee on Science Policy, the Committee on Environmental Protection and the National Technical Development Committee, we are expected, during the first half of the year, to submit to these organs independent reports dealing with 33 different subjects and to assist in the preparation of an additional 18. Only having met these obligations will we be able to start working on those complex tasks which we ourselves want to initiate and implement.

As one of the characteristic facts of our situation, let me just mention the development of our mail traffic. In January 1980, the total number of our three predecessor ministries' outgoing and incoming mail was 70,965; the mail volume of today's Ministry of Industry for the month of January of this year amounted to 71,980, in other words, it has even increased some.

The above data concerning our work schedule and mail traffic only prove that our everyday processes have continued to evolve along the same course today as they did before. We need to change the course of these processes, and this--it seems--can only be accomplished over a longer period of time.

There is something, however, which is going to speed up the change in perceptions and methods. And this is, in addition to the recognition of mutual interests, the physical impossibility of meeting present obligations. What I mean here is that it

is going to be impossible to undertake the same tasks as before, using an apparatus which employs half the number of personnel that was insufficient to do the job to begin with.

With respect to the size of the staff: the Council of Ministers has fixed the number of personnel to be employed in the Ministry of Industry at 650, which is about one-half of the combined staff of the three previous ministries. For the time being, however, we only wish to fill 560 positions of that total. We have tried to ensure that the most capable and hard-working employees of the old ministries become members of the new ministry's staff. This is demonstrated by the fact, for example, that of the old ministries' 173-member staff of main departments chiefs, assistant main department chiefs and department chiefs, 108 have been "transferred" to the new ministry, of whom 86 have been hired not as managers but as expert specialists. Almost one-fifth of the Ministry of Industry's staff, therefore, has come from the top management of the three old ministries. At the same time, we have also brought into our management some new talent from other walks of our socioeconomic life. To ensure continuity in our work, we have also made certain that none of our past experiences go wasted and that we do not have to relearn history again from the beginning. Thus the staff-ratios of the new ministry basically reflect the personnel-ratios of the three predecessor ministries.

At the same time I must emphasize that the above should not be perceived as some kind of a negative label by those workers who have not been asked to join the staff of the Ministry of Industry. Thus, for example, the interest of industry has forced us to reassign some of our most capable experts to the Office of Material and Price Control. Only the very best could be taken into consideration also, when we made our top management appointments in several of our enterprises. As for those of our comrades who are going into retirement, we wish that they make the best of the opportunities offered to them by their well-deserved rest--remembering their working years with pride, each according to his accomplishments, and enjoying the respect they have earned for their public service.

What are the necessary conditions for the Ministry of Industry to develop its own unique outlook and main characteristics?

We must be fully aware of the magnitude, the importance and political significance of this task! Our sector employs 27 percent of our national economy's entire work force, 80 percent of our industrial workers, altogether 1.3 million people. We contribute 49 percent of the national income. We provide 83 percent of our country's ruble-cleared exports and 65 percent of its dollar-cleared exports. Within the socialist sphere, we have to serve on 24 bilateral and multilateral international governing committees. Here at home, we have to be represented on 56 committees. We are responsible for the branch management of 1,087 enterprises, of which 388 are under our direct control. If we were to hold a traditional directors' meeting, that is, if we were to convene the enterprise quadrangles operating under our branch-management, it would have to be held somewhere on Vermezo [large park in Budapest]. I believe this is all I need to demonstrate the proportions.

Quantity, however, is not the most important factor. Much more important is the fact, that first of all by virtue of its position in the economy, the Ministry of

Industry plays a significant role in the development of our economic and political system, in the building of socialism. Secondly, it is also much more important to recognize that the Ministry of Industry is responsible for the material well-being, and even to a certain extent for the political sentiments, of the majority of the industrial work force, those workers who are employed in industry and live on wages and salaries.

In order to successfully carry out the tasks facing us, a key role must be played by the joint efforts of our party, state and social organizations. Without collaboration between economic and political guidance, accelerated progress would be inconceivable.

Let me first say something about the situation of our large-scale industrial operations. There is considerable debate in our country today about assertions that we have overdone the merging of enterprises, and that we would need more medium- and small-scale operations which could flexibly and rapidly adjust their production to changing circumstances and which could become the "background" for large-scale operations, or meet popular demands with little administration and at low cost. What is more, we are extensively discussing--and just recently have even taken some steps toward promoting--the possibility of giving a greater role to privately run small-scale operations in providing services to the population.

I believe these debates and the measures resulting from them have been justified. We must take care to ensure that this will not just be a quick flash in the pan, a one-time action, but rather that based on it we can start and promote a carefully thought-through process in which efficiency requirements are viewed as the most important considerations. Political views, however, are also a part of this. This means, among other things, that in these debates concerning the size of organizations we must not allow the role of our actual, and not forcibly corralled, enterprises to be pushed into the background.

The role of our large-scale industrial plants and our large-scale industrial workers, our working masses, will continue to be the determining factor with respect to the stability and strength of our socialist system, but also in the production of our national income and in the shaping of the equilibrium of our national economy. It is for this very reason that a more homogeneous public opinion must evolve, one which also takes into account the economic side of the coin. Today we often find that the political significance of the large-scale plants is viewed separately from their profitability, the development of their employees' wages and the efficiency of their operation. This has long been unacceptable and will be tolerated even less in the future.

What are large-scale plants known for around the world? They are known for being operations which are the most efficient of all, because they use the most modern technology and work according to the best organized work plan, and which, consequently, bring in the most income and, thus, are also able to pay good wages. In many of our large-scale plants this is not the case. Changes, however, cannot start from the wages end of the problem. First comes production and only then comes the reward. The task is to turn our large-scale plants into operations which truly have the highest work-efficiency, the most effective organization, etc., and this will also

make it possible to increase wages. This requires more rapid changes in the views and leadership attitudes of our enterprise management. This, therefore, is an important political question.

Another problem area where the necessity of closer cooperation among our state-run economic and political sectors is evident, is the development of a product structure which is in harmony with our long-term economic policy.

Because of the demands presented by technological advances and the market, this question has been constantly on our agenda, yet we are still only making slow progress. Abroad the struggle to find markets for one's products is literally murderous. As a small example, I would point out the case of the magic cube, a Hungarian invention, which is already manufactured by eight Japanese and four Taiwanese firms. We are not accustomed to this kind of speed. We have been taking it easy, thanks to one of the wonderful benefits of socialism which prevents anybody from going bankrupt here. The problem is that this has become extremely costly for us.

To achieve more rapid progress, we must solve a number of closely interrelated problems. For example:

--enterprise management must be made more sensitive to the effects of the market;

--technical development, production and marketing must be brought into closer touch with one another;

--we must rely more extensively on, and be more encouraging of our workers' initiatives.

The political dilemma with respect to all of this is that while the capitalist way of changing the production structure is known, the socialist way of doing it is yet to be developed. This, unfortunately, was never outlined for us by either Marx or Lenin. What happens under capitalist conditions if the main products of a factory are unprofitable and unmarketable? The capitalist ceases production, and if he is unable to rapidly switch over to something else, he lays off his workers. By doing so he restores the financial equilibrium. And what do we do in such cases? We putter around, chase after funds, slowly find something to replace it with, while at the same time having the efficient operations bear the costs of the ones which are operating at a loss. We can no longer afford to take this course. We too must stop production of those goods on which we are losing money.

The socialist solution has one, and only one, option to consider: it has to take care of the people. Our society's task, in other words, is not to let a thousand people go as they would in the capitalist economy, but to prepare those thousand people for, and reassign them to, a different job. The difference, therefore, should manifest itself not in postponing the task of making rapid adjustments and flexible production-structure changes, but in the way we take care of our people.

And here I want to mention right away the question of employment, both as a state economic, but also as a political matter. As a result of the haphazard way in which we have created places of employment as as a consequence of our weak organization,

[illegible] there are more jobs to fill than there is manpower available to fill them. All the harmful effects of this situation are well-known. Through rational manpower management, plant organization and mechanization we must bring into harmony the number of jobs and the amount of manpower available to fill them. Still another political problem is how to bring to the people's consciousness, how to assert the [illegible] of them which was expressed as follows at the trade union congress held in December of last year: "While we can guarantee one's right to work, we cannot guarantee [illegible] for life."

[illegible] work, too, must be considered a political question. In view of the higher requirements facing us, we must use higher standards for our cadres. We have many [illegible] leaders—winning them over to the new demands is probably our most [illegible] land. In [illegible] work, too, we must focus more on performance. The end we [illegible] the standard, therefore, is by examining how each person has utilized the [illegible] the manpower which he had been put in charge of, and what it is that [illegible] throughout the years. We must place greater emphasis [illegible] the international context what a particular economic manager [illegible] with his work here at home, and less on how skillfully [illegible] his reasons for falling behind. To do this, we must further [illegible] that is already used in some of our enterprises, whereby they [illegible] an enterprise of a plant which matches their profile from one of the [illegible] countries, and make its performance the standard for [illegible].

[illegible] work, a proper place must be given to, and a distinction must be made between, [illegible] and the desire to do more and better on the one hand, and the [illegible] of [illegible] ambition and [illegible] on the other. Today it seems as [illegible] were mixed up. And who benefits from it? A third class of [illegible] who always waits until his boss makes his [illegible] before he expresses his own. In my opinion this kind of person is the [illegible] because in order to survive he has to slander others and [illegible] only poisoning the atmosphere, he takes no [illegible] nothing wrong—and, for that matter, nothing especially [illegible] to be commended.

[illegible] we must [illegible] against careerists, because although they are [illegible] of pursuing their individual successes they run over [illegible] and are ready at any time to compromise even the most [illegible]. We must not, however, include in this category those [illegible] constantly improve themselves and work hard to [illegible] nation's table. What is more, only those should be [illegible] who are willing to undertake the [illegible] and the conflicts as they present themselves.

[illegible] are the "prestige" people. As far as they are concerned, [illegible] the entire socialist system suffers as long as their [illegible] because of their kind.

[illegible] the leaders of our economy, each follow different [illegible] interpretations of our tasks. There are those among

as who claim that an economic leader is a manager. Today this seems to be the fashionable view in certain circles. Then, there are those whose sole obsession is technical progress; these are the so-called technocrats, and then there are those whose economic work is dedicated to the realization of social order, tranquility and peace; these are the ones who are the most often referred to as so-called politician-leaders.

I do not want to interfere with any of our leader's job interpretation, as long as it serves the interests of socialism. I accept the fact that we all have a different approach to our work. It is also one of the duties of the Ministry of Industry, however, to define its criteria for an economic leader whom it would like to see more of, and even more importantly, whom it envisions as the leader of the future.

And if the fashionable thing today is to want manager-type economic leaders, then let's start with them. It is allright because socialist economic leaders must possess their characteristics, too. These include: ingenuity, courage, flexibility, constant interest in everything new, a broad perspective of the world, good organizing ability, the ability to mobilize, respect for, and expecting others to have respect for, material values, hard work and the ability to make others work hard, too, strict consistency in meeting requirements, etc. Regardless which of the two social systems they happen to be a part of, economic leaders of this type know all there is to know concerning the management of an economic unit. The extent of their knowledge is the same, regarding everything from economic incentives to work psychology. There is a point, however, where the similarities between the capitalist manager and the socialist leader definitely disappear. After all, the two are different, and the workers can feel this.

The capitalist manager's interest in the fate, the life, the emotions and the talents of his workers is motivated by tactical reasons. The socialist economic leader, on the other hand, considers this his life, his purpose, his belief and his conviction. The socialist leader cannot himself be happy as long as the fate of the people under his supervision is still uncertain: he can only be happy with them, together with the community. This is the type we consider to be the ideal leader. It is important, however, that he not allow lagging development to continue. He must courageously take upon himself the establishment of goals which are pointing ahead. In the interest of a good cause he must be prepared to put up with a lack of understanding.

A significant determining factor of the quality of leadership is how well a leader budgets his time. This is an aspect of leadership which has been underrated countrywide. This in spite of the fact that the struggle for time has become one of the main problems facing leaderships around the world. According to a study by the Institute for Organization in the Light Industry, the proportion of time spent on conferences in the work of the top leaders has been almost 30 percent. A harmful practice, a so called "titlemania" has begun to assert itself, whereby—irrespective of the importance of the subject—representatives coming from every organ all insist on talking directly to the director. This is an incorrect practice, for it takes an unnecessarily large amount of time away from the leaders.

Comrade Ho Chi Minh, who had devoted virtually all of his life to the struggle against imperialism, used to say many times: "Socialism has two main enemies:

American imperialism and protocol." To defeat the first, we need great international cooperation and power. It would seem, however, that the overcoming of domestic protocol would take even less effort.

Although--I must admit--sometimes I wonder about this when I examine the problem. In any case, it is vital for the Ministry of Industry to change the present view and practice. We have already mentioned the fact that today we only have 30 percent of the previous three ministries' management staff to work with. If everybody wanted our leaders to be everywhere in person we would have to report immediate failure. We ask our coauthorities, the leaders of our social organs, to go ahead and ask for our assistance, but please accept our colleagues, who are all experts and are authorized to enter into discussions, as partners even if the given person does not hold one of the highest positions.

Plant democracy, work competition and the various ways of taking care of the working man, are still another area where cooperation is greatly needed among our state economic organs, our social organizations and especially our unions. I am convinced that as far as the scope and the regulations of our plant democracy is concerned, we are among the top countries in the world. Its actual substance, however, has not been what it could be. Here, it is primarily our economic leaders who will have to take action. Within the enterprises, a more rational division of jurisdiction and authority is called for.

It also falls within the development of plant democracy to ensure that our economic leaders openly represent the interests of our national economy as a whole, advocating future as opposed to momentary interests. It is wrong when there is a rivalry between our directors and our union leaders which centers around who can initiate more and, at the given moment, more popular measures. The opportunities and forums offered by plant democracy are debating forums where different interests can be reconciled. These interests must be explored and reconciled from both sides. Without doing so, plant democracy becomes formal, it begins to hamper economic development or even lead to anarchy.

Our tasks are also considerable regarding the development of work competition and the socialist brigade movement. Even more than before we must, together with the unions, begin to deemphasize the formal features of work competition so that it can even better reflect the relationship between our workers' new socialist attitude to work, and public property.

From the point of view of developing a new attitude to work, however, communist hararaars--and I hope this statement will not be considered sacrilegious--are not the most important factors (although it would be a sin to question their noble intensions and accomplishments), what is most important, instead, is that it become a general practice for everybody to perform his job diligently, with as high a quality and as much discipline under socialist conditions and within the daily and weekly working time prescribed by law, as those who do so under the rules which prevail in the capitalist societies.

Our tasks and activities are an integral part of our government's activities. In order for the Ministry of Industry to become even more of an inseparable part of the

government, there should be an even closer interrelationship in the activities of the ministry between technical and economic requirements and these two areas of expertise. It is an incorrect view which holds that deliberations over technical considerations fall within the domain of the branches, while the examination of economic considerations is the functional organs' responsibility. We must view industrial progress from both standpoints.

The changes in our industrial guidance require that changes also be made in our division of labor with other government organs. The majority of our existing principles, to our relief, are sound and will continue to evolve even further in practice. The above changes will also alter the work of our functional organs, since they are going to be relieved of their responsibility as coordinators of various industrial branches and brokers of different interests, thus in the future they will be able to devote more energy to the coordination of the branches of our national economy. Their relations will become simpler, since instead of three industrial branch partners, they will only have to deal with one.

At the same time, the responsibilities of the Ministry of Industry will become more complex, because from now on the unavoidable process of having to reconcile branch interests will have to take place under the roof of one ministry. Relations with the National Planning Office will become more meaningful and more creative in the process of national economic planning, since the ministry will be able to contribute more realistic and more complex pieces of information and industrial policy concepts to the planning process, which take into account industry as a whole.

Our relations with the Ministry of Finance can reach a higher level, especially in the shaping of economic regulators. The combined ministry will be able to cooperate more effectively and more substantively with others in establishing the necessary conditions for enterprise management, as well as in judging the justifiability of specific requests for subsidies.

Our relations with the National Material and Price Office will change significantly. In the future, market-overreaching activities and the responsibility of implementing the operative organizational and control-related tasks facing us will be concentrated in the hands of one body. The purpose of this is to make it possible to systematically solve those problems which cannot be resolved within the framework of inter-enterprise cooperation. This, however, does not mean that the actions of the Ministry of Industry will no longer have to be responsive to the market, nor that it would stop having its development activities, international cooperation and its evaluation of enterprises on trade-policy considerations.

The Chamber of Commerce—as the corporate organ of enterprise interests—will receive a greater role in the organization of relations and mutual exchange of information between our government organs and our enterprises, in the exploration and reconciliation of conflicting interests which arise in our national economy, and within and among our enterprises so that the mediation and reconciliation of our enterprises' economic interests can take place more and more outside the state administration's domain. The Ministry of Industry will constantly compare notes concerning its ideas with the organs of the chamber. The chamber, in turn, will inform the enterprises about the central goals, and vice versa, too: it will gather and forward to the ministry the initiatives and recommendations of our enterprises.

In order for the Ministry of Industry to function even more as a part of the government, and to be able to enforce government requirements, it must also alter its relations with the enterprises. The Ministry of Industry is not a corporate body, but it cannot free itself from the effects of enterprise work. It is crucial, however, that it not try to become a legal counsel for certain enterprises; it should instead work hard to assert the common experiences of our branches in our government's work. We, the ministry should work hard to ensure that we not get lost in the routines of our daily operative tasks, and that we have time to deal with the problem of creating the necessary conditions for their implementation. This is the main feature which should characterize the outlook of the Ministry of Industry.

For the Ministry of Industry and the enterprises to get along well with each other, there has to be mutual trust between them. Today this trust is not strong enough. The most common manifestation of this is that the enterprises do not explore their reserves, and do not even take advantage of their opportunities, because they fear that their sudden high achievements will be skimmed off, or because they are afraid that the base against which next year's achievements will be measured will be set too high.

Our position would be easy if we could say that these enterprises have a faulty attitude. We cannot say this, however, because it is their own experiences which have made them distrustful. Our position would also be easy if we could say that this has simply been caused by poorly designed regulators, because then all we would need to do would be to press for their rapid modification. One of the indications that this problem has deep roots is that this mistrust was already alive during the period of the plan-directive management system. Back then our enterprises were always underplanning so that they would be able to make a plunge when work competitions were organized, or so that they would have something to overfulfill in the course of implementing the plan. It cannot be considered a coincidence or just simply a mistake that our indirect economic regulators have also triggered the very same attitude from our enterprises.

We have to admit that we still have not found--either under the old or the new system of management--the methods whereby in a country that is free of exploitation we could stimulate our enterprises and workers to work at their maximum level of performance. What is worse, is that there even seem to be many who are taking great pains to resist such stimuli and are unhappy about methods which are aimed at pushing towards higher and higher levels of performance. They do not like it, for example, that their creditors want to know if their money is being spent on economical purposes; that the taxing authorities want to find out whether or not they have been cheated and if there is any part of the income which has gone unclaimed; and that in the interest of maintaining harmony between purchasing power and commodity supply, the plan calls for income levels which are derived from production. These are truly conflicting interests and they are indeed the very sources of mistrust. Accordingly, we must realize that complete trust, honesty and agreement between the enterprises and our management organs will never be as ideally harmonious as relations among doves are pictured to be in fairy tales.

We must, nevertheless, work hard to reach the point where we can trust one another considerably more than we can today. Our enterprises must be able to rely more on

the fact, that for objective reasons the economic conditions which surround them as what they are, and that it is the public interest and not mistakes and clumsiness which motivate changes in the regulators. Our organs of guidance—whether it be the Ministry of Industry or our financial and planning organs—should be convinced that our enterprise and individual workers are trying to do their very best, both in their own and in the public interest, without having to overregulate and over-sanction them.

Our sphere of work has an important position in our system of national economic management. Enriched with the experiences of last year, our workers and technical staff are ready to solve the tasks facing them. It is up to us, leaders working in industry to accelerate our development through better economic work organization, and to continue in the future, too, to insure industry's prominent role in our national economy, in the improvement of our equilibrium, in the production of our national income and in the realization of our sociopolitical goals. In order for us to be able to carry out our tasks aimed at building our future, we are going to need well thought-through measures which promote genuine development, strict party and state discipline, high-quality unity between views and actions and tight teamwork.

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ROLE OF AGRICULTURE IN 1980'S DEBATED

Budapest MAGYAR HIRLAP in Hungarian 26 Apr 81 p 9

[Roundtable discussion by Bela Csikos-Nagy, economist and chairman of the National Material and Price Office; Bela Kadar, economist and department head of the World Economic Institute of the Hungarian Academy of Sciences; Ferenc Kozma, economist and department head of the International Economic Relations Secretariat; Istvan Lang, agrochemist and deputy secretary general of the Hungarian Academy of Sciences; Janos Marton, agricultural engineer, director of the Agroeconomics Research Institute; and moderator Zsolt Papp. Excerpts from a televised presentation by the Scientists' Club on 15 April 1981]

[Text] Zsolt Papp: When we look about in our stores we cannot say there is a shortage in the food supply. At the same time there is a certain concern in public opinion. Will it be possible to maintain these provisions, this supply?

Bela Csikos-Nagy: We have not conducted and cannot conduct scarcity management. For us this is not only a matter of quantity but also of quality. We cannot appear on the world markets with even good-quality goods if these are not also realized in our domestic marketing policy.

Zsolt Papp: Agriculture is a foreign-exchange-earning sector. The world economic changes of the 1970's have hardly brought market shocks to our agricultural and food industry exports. What is the international agricultural market situation today and what are the prospects for the next 10 to 15 years?

Bela Kadar: The shocks we have felt in this sector have been minor. Its source has been the adjustment capabilities of the Hungarian economy. In the past quarter of a century between 1957 and 1980, the share of agricultural products in world commerce has declined from 20 percent to 10 percent. In our foreign trade with the developed capitalist countries, which are of key importance from the viewpoint of Hungarian agricultural exports, the decline in ratio for agricultural products has been considerably greater, that is, from 40 percent to 10 percent. The price formation and the relative price dynamics were not favorable either. In the 1960's, it was agricultural products that made up the large group of commodities in world trade with the lowest rate of price increase. In the 1970's a certain turn occurred. As for the following 10 years, the trend continues whereby the weight of agricultural products in world trade is declining. According to various international forecasts, it is also unlikely that it will be possible to count on greater forces to drive the

prices up. There are a number of reasons for this. In the developed capitalist countries, which have a large share of the agricultural trade, the income flexibility of earnings is lower, the rate of economic growth is slower, and in the past quarter of a century, since the formation of the Common Market, the degree of agricultural self-sufficiency has increased exceptionally, and this is continuing to expand as other countries join the Common Market.

On the other hand, it is well known that the problem of mass hunger afflicts the developing world. But there the demand with ability to pay is lacking, and therefore this influences the agricultural market trends only indirectly and to a small extent. In the developed capitalist countries one must also count on the fact that the "baby boom" subsided after World War II, and this means that in the food market there will be a certain slowing of demand for nourishment.

David Pepper: Do we have a good and inexpensive food weapon? In what and to what extent is Hungarian agriculture competitive?

Janos Martonyi: I do not like to use the term "food weapon." Food is characteristically a peaceful product and not a missile. We have some good food which the peaceful consumer is happy to consume, and at a price that he can pay. I am thinking here of one of our well-known products, sheep and mutton. They are well received both in Europe and Asia Minor, the price is good and its prospects favorable.

Bela Csikos Nagy: I agree with the examples but unfortunately we have export efficiency problems in addition to those of quantity. The main export markets are overseas, they can shape prices under less expensive and more favorable conditions and also dictate prices on the world market. If we go into these markets, they will skim off the prices for our products and we will have a price loss of almost 30 percent for this reason. Under such conditions our grain exports are very profitable but the export of live animals is doubtful because of specific costs, and therefore large animals, pigs and cattle, receive a rather large export subsidy. In the field of cost reduction, the possibilities have not been exploited. Great opportunities still exist both in fodder conversion and livestock breeding technologies.

Bela Kadar: I also judge somewhat pessimistically the future implementation possibilities of the main structural ratios of Hungarian agricultural exports. In the main export branches, that is, in grains, the American, Canadian, and Argentinian competition is in a better position from the cost point of view. On the Common Market, the constant changes in agricultural policy are well known. In the Mediterranean countries, fruit and vegetables ripen earlier, manpower and wage costs are cheaper, and as a consequence of their association agreements with the Common Market and even their joining the market they also have advantages in getting on the market. What is left for Hungary? I believe a relative cost disadvantage in the large export products and a relatively less dynamic expansion of the market. We must emphasize a change in products. The question is not how much, but what, how and for how much. To give a few figures: let us look at the expansion opportunities for Hungarian live animal exports at the export-price level of the Italian and FRG markets. One kilogram of live animal, calculated in dollars, comes in the case of pork to $1.16, poultry $1.50, first-class Simmenthal steer $2, live rabbit $3.50.

[illegible] and [illegible] 50, and live pigs 35. We see, therefore, as we move from the pig-farming structure, for example, towards small animals, we encounter greater foreign-exchange receipt possibilities. In recent years we have achieved important results from this point of view. There is another aspect to consider here. We can change the product structure not only in live animals but also in the direction of processing. One kilogram of pork is $1.10 live animals, $2.50 in cooking ham, $3 to $3.50 in cooked ham and shoulder, and then where are we yet from the fact that in the retail trade network good quality meat packed in 100 to 150 gram packages sells for somewhere between $10-12 in Western Europe. I could here mention the classic example of the pyramid: the famous Swiss beef round which costs $25 per kilogram. Of course, this includes various duties, wholesale and retail profit, quarantine and refrigeration costs, and so forth. In any event, the main province of profit formation in the world economy is not so much in the field of production as in processing, and chiefly in the sphere of marketing, which gives the development of the market organisation particular importance.

Ferenc Kozma: This is perfectly true. From the export point of view, Hungarian agriculture, more exactly the food economy, including processed foods, is a very modern base. But in any event a base with limited dynamism. This is true both from the market and the production aspect. I have here a list which shows how much of the three most important products groups, that is, six [illegible] oleaginous seeds and grain products, calculated in a given unit of grain, appears on the world market as export surplus, that is, as net exports. Two large regions do the exporting: the United States and a group of countries which are linked to the United States in some manner. In recent years an average of 70 to 80 million tons have appeared on the market in this way. More than two-thirds of this has been supplied by the United States, and the absolute major portion of the rest by countries strongly linked to U.S. agribusiness. According to certain reports, of the total grains that appear on world markets, 60 to 70 percent are traced to five multinational corporations. Their center is in America although registration of these firms has be elsewhere. This means that the prices in semi-processed items are rather strongly monopolar. Now if you think of the most different economic and political relations, it is not difficult to see whether agricultural items are weapons or not. It is not a weapon which fights, but there are some in whose hands it is. And if this kind of condition wants to keep this weapon firmly in its hands, it will keep the prices of the items low rather than high. Why? Because they produce under extremely favorable and with at continuous technology that which Western Europe, the major importers, and Japan operate with great intensiveness. According to my forecast of the Turnaround's future we can count on some kind of great price [illegible] in the world market in respect to basic agricultural products or food industry products.

[illegible] Tamas: What is better, a broad product spectrum or a narrow one? Is there need of diversification in agriculture for a leading export product?

[illegible] If Hungary or some other socialist country were to take its stance on some [illegible] strain to "[illegible]," then in the case of Hungary cure would be [illegible] [illegible] agricultural relations will hardly change in [illegible] a desirable way. The other problem is the question of growth [illegible], which in the case of Hungary is a bit related with climatic features. In [illegible] climate changes so much from year to year that very serious fluctuations

and conditions could occur if we specialized in one or several export carriers. Hence the dispersal of the product spectrum is necessary not only because our relative competitiveness in basic foods and standardized mass products is less than favorable but also because economic and growth security makes this advisable in relation to climatic factors.

Janos Marton: Therefore let us establish that our present grain production costs and our present grain prices show a very good harmony. Even though we would have more grain to sell because this would be good for our economy and our agriculture. It is true that the grain production costs of countries that produce extensively and are sparsely inhabited are lower than ours. But not much lower. Their capital use is considerably greater than ours. With the exception of fertilizers, all other capital uses are also higher in the United States. The use of live work is the same as on our large state farms in grain production. They have the advantage in land area, for they are able to produce large volumes with lower averages on large land areas. All in all, however, I do not regard as critical the competitiveness of Hungarian large-scale grain production in the future. The situation is entirely different in the products of livestock breeding. Bela Kadar has already referred to this: certain countries have unlimited pasture and meadow areas, and these are not like ours but much better. They are true pastures where the animals can graze and not merely wander about. True pastures where it is possible to cut hay, and the area is not boggy and wet. Indeed, in Hungary we have plowed up all the available land. We are one of the world's most plowed countries, behind only Denmark.

Aprily Fary: All in all, what do our natural and geographical features make possible? To what extent is the natural condition system a limit to our growth?

Istvan Lang: We recently concluded a large-scale survey which we conducted on commission from the Hungarian Academy of Sciences, the National Technical Development Committee, MEM (Ministry of Agriculture and Food Industry), OVH (National Water Bureau), and the National Environmental and Nature Protection Office with the participation of many experts. We investigated the kind of growth which Hungary's natural features make possible in the area of crop production. The level of livestock breeding is also dependent to a large extent on crop production. Nature can limit development to an important extent. A simple example. In Poland it is not possible to grow hard-grain corn. This can be ascribed to climatic causes, and as a consequence an entirely different crop production and livestock breeding structure has developed there. In this respect, Hungary is characterized by variety. In Hungary--to put it so--nothing is the best, but we have something good of everything. In Hungary we can raise corn, and with sufficiently good results, but sugar beets also grow sufficiently well, which is a plant common in the countries to the north of us. The survey summarized the scientific research results and information which have accumulated thus far, and which refer to the country's natural features. I would make this final deduction. At present, the average crop production per hectare is an annual 10 tons of dry crop material. This is a pretty good figure, which holds a very respectable position in Europe. Theoretically, our upper limit is 30 tons per hectare, or three times what it is today. According to realistic forecasts, our development possibilities within 20 years will be double the present level, looking at it from the natural point of view. This is an extremely great possibility. It is another question whether we should make use of this or not. Is it absolutely necessary for us to go in the direction of quantitative indexes, or should we organize our agriculture in a different way?

James Marton: As I see, it is not nature that limits the development of our agriculture so much as the technical background. This limit is our weakness. The agricultural sector still has not given what it can. The technical limit, the often-mentioned industrial background has not attained either in Hungary or in CEMA the level which is represented by the production level of Hungarian industry. It is an agonizing tension. It means that again and again we must turn to the agricultural background industry of the developed capitalist countries to import, for example, sugar beet harvesting machinery, or combines which will reap from the ground without loss of train 50-60-80 quintals of production. Here we have the often-mentioned component subject, and we have been plagued by this for years. Neither science nor experience has found a solution which is reassuring or progressive. Neither the domestic industry nor the CEMA industrial background guarantees that the component supply will be continuous and that the shortage will not obstruct production.

[illegible] Papp: Does the organization system of our agriculture meet the changing, moving requirements of our agriculture? That is, large farms or small farms?

James Marton: By the improvement of the organizational system we do not even by chance mean that we will carry out new tsz [agricultural producer cooperative] assignations, or new land centralizations. One of the characteristics of the 1980's will be that the era of land centralization is at an end. This does not mean that in a given case there may not be an association between two producer cooperatives if the members wish and if economic considerations justify. But no kind of forced, central indication can be found for such action.

Ference Kozma: The organizational form is not a goal but a means, a framework. What is it that defines the organizational form? Among other things it is defined by the soil features, the terrain relief, the techniques, the mechanization of the techniques, the live work demand, the capital demand, the production relations, and so forth. We should not proceed from any sort of premise, but we should adjust very seriously to the requirements of life. Our agricultural policy thus far clearly shows that this has been successful.

Bela Csikos-Nagy: This also has a foreign economic strategy significance. If our specialization signifies concentration on the basic bulk foods, subsequently perhaps the large farm advantages will be better realized, and this will mean a certain kind of organization framework. But, on the other hand, if the importance of the so-called small exports, of special products, increase significantly in Hungarian exports, it will be inevitable that the small-scale farms that can exploit these specialities better will be emphasized with an advance in the individual and the large-scale combination that best makes possible the mobilization of local resources and promotes the realization of cost-management advantages.

James Marton: I would add to this that the auxiliary activity, more exactly the industrial activity, which is now being developed on our farms, is not primarily the property of agriculture but of society itself. Almost exclusively these activities eliminate scarcity management or reduce it. For us, it is always the [illegible] demand that appears first and it is not the producers who discover what can be [illegible]. I believe it will be one of the most characteristic processes of the 1980's that within agriculture, industrial activity will attain or

exceed the level of basic agricultural activity. This is not some kind of disadvantageous, harmful or politically questionable process. From a certain point of view the population is becoming more homogenous, there will not be need for so many people to do peasant, physical labor. For these people, we can provide employment at the place of residence, together with their families through related industrial work. Later we can provide industrial work of higher productivity because now these industrial activities are usually of low productivity, the work is done on discarded, poor machinery that was acquired free, and frequently in rather miserable working conditions and workplace relations. Gradually, this too will improve.

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ROLE OF HYDROCARBONS IN ECONOMIC BALANCE DISCUSSED

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[Article by Ferenc Kazai, main department - deputy chief of the National Petroleum and Gas Industry Trust]

[Text] 1. Expansion and Structural Transformation of World Energy Resources and Their Relationship to World Economic Growth

The applications and momentum of the great technological discoveries of the first industrial revolution during the previous centuries were based on the steam engine powered by hard coal. In spite of periodic economic crises, it led to a doubling of world production first in 40-50 and then in 30 years under the world economic system of capitalism. Hard coal preserved its dominant position even during the first half of the 20th century.

Industrial use of oil and natural gas began to spread at the end of the last century and the beginning of the 20th. By the beginning of the 1950's hydrocarbons, although still considered a relatively new form of energy, accounted for 57 percent of world energy use. Mankind, represented by industrial countries that have already reached a high level of development, concentrated its efforts on utilizing oil and gas fields that could be explored and exploited easily, cheaply and rapidly. Development of hydrocarbon production proceeded at a rate three times as fast as hard-coal mining with costs that were a mere 20 to 30 percent of the latter.

The struggle for control of hydrocarbon resources played an important role in the uneven development of imperialism and the expansion and competition among various imperialist groups. Along with some other production factors, possession of energy and especially hydrocarbon resources had great importance for the results of the military and economic struggle for the political and economic partitioning (or repartitioning) of the world. Thus, hydrocarbon fields were ruthlessly exploited and depleted during this period, especially in oil-rich countries under colonial rule. This period, in effect, came to an end in the first half of the 20th century.

During the second half of the 20th century, the period between 1951 and 1965 was one of rapid world economic growth during which the period of doubling world output was decreased to between 20 and 25 years. Due to differences in social systems and geographical and natural conditions, the rate of development of nations in

different regions varied a great deal. Economic growth proceeded at the fastest rate in the nations belonging to the socialist community, reflecting a tendency toward leveling at a more advanced level, with slight differences in growth rates. Development in "Third World" countries was also relatively rapid, with great variations among them as to growth rates. The economies of countries with favorable geographic situation and natural conditions and with a society able to capitalize on these conditions (e.g., ASEAN countries or some of the oil-rich countries) developed rapidly while economic growth was low or nonexistent in states with unfavorable conditions (e.g., the countries of the Sahel region). Growth rates in capitalist countries, especially in the most advanced economies, presented a mixed picture. Economic growth in North America was punctuated with crises. The "economic miracle" of West Germany and Japan slowed down periodically while British and southern European development rates were the lowest, in relative terms, for a long time.

This quarter century saw the spreading of scientific and technological achievements of humanity discovered earlier, e.g., in chemicals (plastics, manmade fibers), electronics (computerization, remote control), to mention only some of the most important areas. New discoveries emerged in a revolutionary manner (nuclear energy technology, laser technology, etc.) and their mass application has begun. This period also saw the initial steps and achievements of space research.

In the third quarter of the 20th century, the current level of technology and science implied that accelerated economic development is possible only with the exploitation of new hydrocarbon reserves discovered in this period. The energy resources and base materials necessary for rapid development (plastics, manmade fibers and, in general, the products of the petrochemical industry) could be produced on a hard-coal base only at the cost of much longer "lead times" and several times higher production costs. The technology for the utilization of nuclear energy has not reached an adequate level. Construction lead times and costs were not competitive in the age of cheap oil. (Not to mention the fact that the use of nuclear energy is more problematic from the standpoint of the environment while the range of its applications is narrower than that of hydrocarbons; e.g., it cannot be used in road and rail transportation, to power cars or in the petrochemical industry.)

The data in Table 3 illustrate the increased role of hydrocarbons.

Table 3. [illegible]

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
					[illegible]			
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] percent, while reserves declined to approximately [illegible] percent.

In the beginning of the [illegible] the limitations of the growth and of the long-term prospects for preservation of this important economic area began to emerge. The factor which [illegible] with changes in the balance of power among the countries of the world and the unequal geographic distribution of hydrocarbon reserves and consumption made it possible in the [illegible] for countries with a colonial or dependent [illegible] to gradually take charge of their national hydrocarbon wealth. In the second half of the [illegible], the concentration of a decisive portion of hydrocarbon energy in the hands of a few large, multi-[illegible] Latin and African states created a new situation in the setting of oil prices. Advanced capitalist countries and others have so far failed to move ahead toward a solution of the [illegible] problem in the [illegible] years since then.

The [illegible] of some countries in view the answer to the challenge posed by the energy crisis and energy-price explosion in conjunction with other, similar factors [illegible] a [illegible] evaluation of the limitations of future economic growth and [illegible] of such an evaluation. The practical answer of imperialist countries has been concentration and unequal exploitation of alternative energy sources [illegible] with [illegible] politics. This has not solved any problems while [illegible] have been [illegible] and domestic contradictions have increased (growth of [illegible] and underdevelopment). More recent international political events [illegible] the trend which has imparted additional momentum to forces working toward [illegible] the past happens to prize [illegible]. In the meantime, the profits of big [illegible] have been [illegible] transportation and processing increased at an [illegible] rate while the pauperization of the economically backwardness of normal [illegible] countries became even more [illegible].

[illegible] which are still [illegible] on the west to catch up with the most advanced capitalist countries are now in a situation where their struggle to [illegible] the [illegible] advanced in the capitalist countries in the era of cheap energy [illegible] under more difficult conditions, in the era of more expensive energy. [illegible] of participation of advanced in the capitalist model [illegible] be [illegible] the integration policies of advanced countries provide a basis [illegible] the [illegible] to the problem of the energy problem and for [illegible] in the community. Today it is clear that potential country [illegible] as well as their [illegible] for a given country will play an [illegible] through the [illegible] and [illegible] in the medium- and long-range economic [illegible] social [illegible] and trade balances of each nation. Of course, [illegible]

[illegible] Energy as Transformation of Energy Intensive and Their [illegible] Development of the Regional Economy

[illegible] of domestic energy consumption and its structure, transportation [illegible] are [illegible] in Table [illegible].

[illegible] overall industrial production accounted for a [illegible] the energy consumption which [illegible] domestic energy [illegible]. At that time, the world

average for the proportion of hydrocarbons without total energy use was [illegible] percent. This high proportion was due to the dominant position of advanced countries, especially the United States, in world energy use. Cheap oil and natural gas accounted for [illegible] percent of energy use in the most advanced capitalist industrial countries. At the time, [illegible] percent of domestic energy use was dependent on the production of deep hard coal with an average thermal value of 14,000 megajoules/ton, followed with the use of backward mining technology under unfavorable geological conditions. Other forms of energy were also produced uneconomically and inefficiently (firewood, heat, etc.).

Table 1. Changes in industrial energy use, 1950–1970

	Energy consumption						

production of the Nagylengyel oil fields ([illegible]), the Hajduszoboszlo natural gas fields ([illegible]) and the Algyo hydrocarbon basin ([illegible]), along with other, smaller fields. Production of the explored fields started according to the plan. In the middle of the Fifth Five-Year Plan, oil production was up to an annual 2 million tons, gas production was [illegible] billion cubic meters while the volume of natural gas products was [illegible] tons, with a total annual thermal value of [illegible] petajoule. The exploration and research project also showed that we cannot count on large hydrocarbon fields on the order of hundreds of millions of tons in our country. On the other hand, it turned out that we have sufficient hoped-for reserves to cover domestic hydrocarbon production at current levels for a relatively long period, at least up to the year 2000, with an annual output of [illegible] petajoules.

It is well known that domestic hydrocarbon production increased more than eightfold in the past [illegible] years: we produced a total of [illegible] million tons of oil and [illegible] billion cubic meters of natural gas. The results of hydrocarbon exploration and production of recent years can also be considered good.

The exploration target of [illegible] million tons of oil equivalent set for the decade of the 1970's was attained in only [illegible] years. With the exploration of an additional [illegible] million to [illegible] million tons of reserves in 1980 we are overfulfilling the 10-year target. During the [illegible] years of the Fifth Five-Year Plan we exceeded production targets by [illegible] million tons of oil equivalent in order to improve the foreign-currency balance of the national economy. Due to overfulfilled levels of production and their overfulfillment, reserves have not increased in recent years. Assuming a projected annual average [illegible] million tons of newly discovered reserves ([illegible] petajoule) and a constant annual production of [illegible] petajoules, there would be a gradual decline in reserves.

Due to limitations of domestic production, our increasing energy needs and further modernization of our energy structure required increasing reliance on imported hydrocarbons. Understandably, the implementation of long-term agreements within CEMA and, in particular, with the USSR, plays a central role in imports of energy and especially of hydrocarbons.

The data in Table 1 shows that the modernization of our domestic energy structure and the predominance of hydrocarbons ([illegible] percent) have taken place a few years after the first energy-price explosion.

Table 1. Role of Hydrocarbons in Energy Consumption and the Role of Imports in Hydrocarbon Consumption

Év	Belföldi energia-felhasználás PJ (1)	Ebből a szénhidrogén: mennyiség PJ (2)	Ebből a szénhidrogén: aránya % (3)	A szénhidrogénből: az import mennyisége PJ (4)	A szénhidrogénből: aránya % (5)
[illegible]	720	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	1005	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*[illegible]

[illegible] following page

1. Year
2. Domestic energy consumption, PJ
3. Of this, quantity of hydrocarbons, PJ
4. Share of hydrocarbons, percent
5. Quantity of hydrocarbon imports, PJ
6. Share of imports within hydrocarbons, percent

The enormous, largely extensive development of the Hungarian economy between 1950 and 1973 was based on an eightfold rise in domestic hydrocarbon production combined with an 18-fold increase in total hydrocarbon resources. (Trade balance problems associated with hydrocarbon imports and the energy price explosion in general appeared at the end of this era. We shall return to this point.) The absolute quantity of the consumption of other energy resources besides hydrocarbons increased only by 197% or 61 percent in 23 years and declined by 50 PJ in the last 4 years. It is clear that the Hungarian economy could not develop in this 23-year period on the basis of imported or domestic hard coal or nuclear energy. As in other countries lacking raw materials and energy and increasingly burdened with energy-import requirements, the two stages of the energy-price explosion in 1973-74 and 1979-80 focused attention on the problem of the deteriorating terms of trade.

It is beyond the framework of this article and our competence to discuss energy and related world problems or their potential solutions. Suffice it to say that we are facing a worldwide challenge. The only way to provide an adequate solution is to a limiting world divisions, halting the arms race and pooling our resources. Yet, we cannot wait passively until the problem can be tackled on a world scale. The socialist community is searching for the road toward secure energy supplies within the framework of CEMA. Today we are in a position to state that a gradual and partial solution to the energy problem is emerging in this region of the world, at the price of considerable financial sacrifice and effort.

In conjunction with the above, we must accept the fact that as far as the next two decades are concerned, we cannot expect cheap energy from any external sources. We must make better and more rapid adjustment to the new energy situation than we did in the past. We must rely primarily on the discovery and economic production of domestic energy resources while accepting the fact that a large part of our consumption must come from imports. The production costs of the rich oil and gas fields in Hungary are constantly increasing, just as in Alaska (USA) or now in the Gulf of Mexico, or North-Sea oil drilling. This is the reason why oil-producing countries with favorable conditions are in a position to sell their oil at higher prices.

The great advantage is that we can rely on secure energy sources within the socialist community and we are protected from exclusive or speculative price increases within CEMA. Another favorable factor is that within the framework of the socialist division of labor we have an opportunity to move jointly toward a solution of the energy problem. Specialization and division of labor also lead to lower costs. In the 1970's we can move forward in the 1980's to approach the optimum of the level of costs under favorable conditions. We can plan on the basis of the latest scientific and technological breakthrough of the socialist bloc in the energy field, and thus we will be in among the first to

derive the benefits. Of course, what we said about the structure of energy sources also applies to the structure of energy transformation and consumption. International socialist division of labor also plays an important role in this area.

This article cannot deal with the enormous potential inherent in the existing reserves of energy transformation and consumption. We do not consider it our task to discuss the economical expansion of hydrocarbon substitutes. In the following, we shall rely on the experience of recent years to analyze the economic reserves in domestic hydrocarbon production and consumption. In the case of hydrocarbon imports, the costs involved are on the order of billions of rubles annually and hundreds of millions of dollars in the nonrubble accounting sphere. "Dumping" of import costs on their transfer to the budget may involve tens of billions of rubles. The way in which this burden is borne and redistributed has a great deal of influence on the volume of consumption and savings. Thus, one can say that production and distribution of hydrocarbons are very important from the standpoint of domestic and foreign trade balance.

[illegible] Role and Importance of Hydrocarbons in Restoration of Domestic and Foreign Trade Balance

[illegible] Fulfillment of Targets for Domestic Hydrocarbon Production, Domestic Consumption and Foreign Trade During the Tenth Five-Year Plan

The data in Table 4 indicate the fulfillment of the hydrocarbon industry objectives set for the tenth five-year plan and their influence on the foreign trade balance in the dollar accounting area.

Table 4. Hydrocarbon Targets and Their Fulfillment, (1976-80)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Table 4 on following page

Category
2. Unit of measure
3. Domestic production
4. Import
5. Export
6. Domestic consumption and inventory change
7. Balance of imports and exports
8. In millions of tons oil equivalent
9. Plan
10. Fulfillment (preliminary data)
11. Deviation from plan
12. Value of deviation from plan in forints and dollars *
13. Unit price used **
14. Currency amount
15. Domestic value

* Calculated at 1980 world market prices at [illegible] forints/$
** The unit price used varies due to the proportion of oil to gas and variations in level of processing.

The fifth five-year plan projected higher consumption levels than the ones actually reached. It took into account the continuing transformation of the energy structure and further increases in the role of hydrocarbons. Energy demand declined in part because of a slowdown of economic growth and in part as a result of technical and economic and price measures aimed toward energy conservation. As a result, hydrocarbon consumption in 5 years was [illegible] million tons of oil equivalent below the projected level. Especially important are the 2.7 million tons saved in 1979 and the approximately [illegible] million tons saved in 1980 relative to the projections of the fifth five-year plan. We are justified in calculating the value of domestic excess production and the entire amount saved by reduced consumption in nonruble terms because both import reductions and expanded exports come under nonruble foreign trade. In our opinion, there is no need to discuss in detail the significance for the national economy of savings of [illegible],114,000,000 in 3 years and a corresponding improvement in our trade balance totaling [illegible],694,000,000. These savings and improved balance assume added significance because the bulk of the savings was obtained in [illegible].

The [illegible] discussed above are indicative of relative accomplishments of the [illegible] and the recent past. These have now been "built into" our present situation. Thus, [illegible] an improvement of our present domestic and foreign trade balance. Instead, the balance would be less acceptable without them. The [illegible] improvement compared to projected hydrocarbon trade volumes in the [illegible] is also very important. At the same time, in our large-volume [illegible] we are exposed to the gradual effects of price increases [illegible] a corresponding worsening of our terms of trade.

[illegible] Opportunities and Tasks in the Area of Hydrocarbon Production

The starting point of our analysis of the tasks and opportunities in the area of hydrocarbon production is the conclusion of geological investigations to the effect that we presumably possess sufficient reserves to continue production at the present levels at least until the end of the century. We also mentioned that in the decade ending in 1980 we discovered approximately 60 million to 65 million oil-equivalent tons of hydrocarbons. In view of the composition of the reserves discovered, this represents a [illegible] to [illegible] % increase in reserves. At the same time, we intend to keep production at an annual level of 120 [illegible]. We must add that in the period preceding the [illegible] and introduction of the Orenburg natural gas in [illegible], hydrocarbon production reached 140 to 150 [illegible]. Thus, in spite of [illegible], total reserves declined as a result of excess production.

This means that, in the long run, we will be unable to keep production at a relevant level [illegible] we must either accelerate exploration and discovery of new reserves or reduce production.

Additional [illegible] must be envisaged at all costs because the deficit can only be made up from imports on world market prices requiring large amounts of foreign currency. On the other hand, it is impossible to precisely determine the potential for very rapid increases in reserves. We can accelerate the exploration and discovery of hyped-up hydrocarbon reserves. If the rate is accelerated, it is possible to move forward the date of the discovery, exploration and production of existing reserves.

Assuming the same level, in all fields, the alternatives are either excess imports or replacement production at the costs of accelerated discovery, exploration and production.

[illegible] compare the cost [illegible] of the same quantity of hydrocarbons obtained [illegible] imports or via accelerated discovery, exploration and production.

The cost [illegible] is a great deal. A difference between the cost of an annual [illegible] oil-equivalent tons of hydrocarbons obtained from [illegible] and [illegible] amounts to [illegible] rubles. In a [illegible]-year period, the net advantage of the [illegible] amounts to [illegible] billion and [illegible] billion rubles respectively, or further [illegible] while the [illegible] calculated at discounted prices is [illegible] billion rubles respectively. These numbers are related to the [illegible] costs of domestic oil and gas production are quite [illegible]. With [illegible] [illegible] rubles per [illegible] equivalent ton calculated as a weighted average of oil and gas. At the same time, the cost of [illegible] production in the [illegible] of the same weights is [illegible] rubles per ton. When we look at the economic benefits associated with imports replaced from production, the [illegible] is [illegible] [illegible] of the net currency [illegible] in the relative [illegible] [illegible] domestic production. In addition, the [illegible] increase [illegible] increased [illegible] imports. There [illegible] important in the [illegible].

The very favorable trends of the indicators just mentioned point to the need to investigate the acceleration of hydrocarbon exploration and production at home and to make appropriate decisions as required.

[illegible] Opportunities and Tasks in Hydrocarbon Processing

The energy-policy guidelines formulated in the 1960's were largely based on cheap oil. Substantial development projects were completed or begun during the third and fourth [illegible]-year plans to exploit these advantages, some were finished during the [illegible] five-year plan period. The installations of domestic exploration, drilling and hydrocarbon production, the Friendship import oil pipeline and the [illegible] import gas pipeline system are working efficiently and near capacity, as are the pipeline systems and other installations associated with gas consumption. On the other hand, economic and near-capacity utilization of the Adria import oil pipeline and the Tisza Oil Refinery must await gradual development.

Table [illegible] Cost of Domestically Produced and Imported Oil

Highway [illegible]		[illegible] million tons		[illegible] million tons	
		Volume [illegible] (1 m [illegible])			
		Volume imported (1)	Refined (crude)* (2)	Volume imported (3)	Refined (crude)* (4)
		Refined [illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Crude [illegible]			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

[illegible] equivalent in [illegible] years from [illegible]

[illegible] equivalent in [illegible] years from [illegible]

[illegible] equivalent tons in [illegible] years from [illegible]

[illegible] equivalent tons in [illegible] years from domestic [illegible]

[illegible]

[illegible]

* We approached the calculation of the cost of replacing lost production from domestic sources from two directions. We relied on an OKGT (National Oil and Gas Industry Trust) study on the economic analysis of expanding hydrocarbon exploration and production in the sixth and seventh five-year plan period and we also used the data from an OKGT study on "The Export Efficiency of Domestic Oil and Gas Production from 1970 to 1985."

** These calculations were based on 1980 dollar exchange rates, a 5 percent annual increase in the real value of oil and no change in forint/dollar exchange rate.

We have already discussed the effectiveness and accomplishments of measures taken to reduce the consumption of liquid hydrocarbons. Additionally, we must look for ways to achieve economic loading and utilization levels of existing capacities. There have been some attempts to utilize these capacities for contract job processing on behalf of foreign customers or possibly "self-financing" oil imports for dollars earned by exports of processed products. There have been occasional increases with certain processed job lots in some boom periods. Yet, we are clearly unable to compete in continuous oil processing on the scale of millions of tons. Western countries would give us only very cheap jobs because of their own excess capacity and recessionary employment problems. World market price increases and fluctuations in the price of oil and finished products are also a factor against solid business deals. Transportation of oil and finished products through pipelines of the CMEA lead to additional costs further reducing our competitiveness relative to countries with access to the sea.

Thus, we cannot go in this direction for reasons other than lack of enterpreneurship or avoidance of risk. A solution suggesting itself is the replacement of the import of oil products with imported oil. In addition, the sixth and seventh five-year plans will bring reductions in hydrocarbon requirements of power plants as coal and nuclear power plants are coming on line. This is another reason why we have to make a fundamental change in the product structure of processing. This is the purpose of the construction of the catalytic cracker plant based on so-called destructive hydrogen. Further expansion of the vertical range of processing plants and the production of new valuable products saleable in all markets represent another task of development. Our task is not to achieve immediate full utilization of existing capacities in an extensive sense but to gradually utilize them more intensively and economically through new development projects.

Economic calculations, reflecting the trade efficiency, import substitution of domestic oil processing, carried out mostly for domestic consumption, show a substantial net foreign economic yield from the operation of oil refineries. The cost of producing each product has become favorable only at the beginning of the 1970's due to more rapid increases in the price of processed products when compared to oil and to the development of the product structure. According to our calculations, a continuation of this trend, combined with applications of appropriate technologies and further [illegible] of [illegible], depth will lead to results reflected in Table [illegible]

Table 6. Some Economic Parameters of Domestic Oil Processing

Magnevezes (1)	Mennyiség egység (2)	1970	1975	1980	1985
(3) Feldolgozott mennyiség	ezer t	6000	9500	9650	10 000–10 800
(4) Az értékesítés devizabozama	dollar/t	51	120	300	520
	millió dollár	186	1140	2900	5200–5610
(5) A feldolgozás devizaráfordítása	dollar/t	26	100	250	420
	millió dollár	156	950	2400–2600	4200–4530
(6) Nettó devizabozam	dollar/t	5	20	50	100
	millió dollár	30	190	384–480	1000–1080
(7) Belföld kolteg	Ft/t	280	560	800	1000–10 000
	milliárd Ft	1168	5.32	7.72	10.0–10.8
(8) A devizakitermelés kolteg	Ft/dollár	56	28	16	10

KEY:

1. Category
2. Unit of measurement
3. Processed quantities
4. Currency yield from sales
5. Foreign currency cost of processing
6. Net foreign currency yield
7. Domestic cost
8. Cost of producing foreign currency

According to these calculations, processed oil may lead to annual savings of $480 million to $1.08 billion of foreign currency (at world market prices) between 1980 and 1985 when contrasted to imports of processed oil products, with a domestic cost of only 16 to 10 forints per dollar.

C. Domestic Hydrocarbon Consumption and Economic Balance

A reduction in energy and, in particular, hydrocarbon use per unit output has two consequences for the national economy. This is due to differences in domestic production vs import purchase costs of various forms of energy. There are limitations on the use of cheap domestic hydrocarbon energy resources. We cannot [illegible] expand the relatively inexpensive energy resources that are next in line. Before the utilization of available favorable opportunities, the national economy [illegible] energy resources obtainable in the most expensive dollar market-[illegible]. This contributes to the increasing importance of energy conservation both [illegible] forms and relative to unit output. The foregoing is illustrated by the [illegible] comparing oil costs.

Table 7. Some Indicators (1) Costs (forint ton)

Category	1976	1978	1980*
Domestic production cost	[illegible]	[illegible]	[illegible]
Operation cost of [illegible]	[illegible]	[illegible]	[illegible]
Purchase cost of [illegible]	[illegible]	[illegible]	[illegible]

* [illegible]

The focus on energy conservation is not new. It is well-known that very successful technical and economic measures have been adopted in the era of cheap hydrocarbons with the aim of improving the structure of energy resources and consumption. The current task of the national economy is to flexibly and rapidly adjust to the new situation. More precisely, the task is not merely to adjust to the present situation but, in view of the long lead times associated with development projects in the energy field, to adjust to the expected situation over the medium and relatively long range. Of course, this question applies to the source and consumption structure of other forms of energy besides hydrocarbons. The potential in this area is indicated by the well-known fact that the energy requirement associated with a unit of national income is still twice as high in our country as in advanced countries equipped with the most modern technology and a more favorable product structure.

The energy program of the national economy for the Sixth Five-Year Plan period has been formulated in detail. This program relied on the economic results of 1979-1980. On the latter, suffice it to say that technical conditions substantially define the efficiency of production and consumption. Thus, the emphasis over the long range must be placed on the creation of better technical conditions. There is nevertheless a wide scope for utilizing available opportunities within the framework of existing conditions.

In our view, consumer price changes during 1979, followed by the 1 January 1980 and later producer price changes for energy played an important role in reducing energy consumption. The idea is to have consumers pay (although not in full) for the true costs of energy. This has done away with the artificial environment which has "protected" less efficient enterprises from competition in the world market. The result is clear. On the one hand, unneeded energy consumption has declined. As an example, in spite of an annual incerase of 100,000 additional passenger cars, gasoline consumption increased in 1979 by only 20,000 tons, compared to the past rate of 1 ton per car, while in 1980 consumption remained constant. On the other hand, the state budget projected a 30-billion-forint intake in 1980 from hydrocarbon imports, in contrast to a 10-billion-forint subsidy in 1979. In terms of the profits derived from domestically produced cheap hydrocarbons, the price increases led to a central intake for the state budget of 18 billion forints in 1980, compared to 11 billion forints in 1979. When the technical decline in output is taken into account, the hydrocarbon industry shows a 60-billion-forint improvement in budget accumulation in 1980 relative to the preceding year.

In our opinion, the fundamental activities in hydrocarbon management over the long term must be structural transformation coupled with improved technological quality. Under given technical opportunities and conditions, economic regulators must be optimized to ensure their maximal utilization.

[illegible]
[illegible]

IMPROVEMENT OF ZAHONY TRANSLOADING FACILITIES DESCRIBED

Budapest KOZLEKEDESI KOZLONY in Hungarian No 15, 12 Apr 81 pp 263-267

[Article by Otto Aradi and Odon Simon: "Operation, Growth Possibilities and Future of the Zahony Transloading Facility"]

[Text] Introduction

The export, import and transit merchandise transportation between the Hungarian People's Republic and the Soviet Union takes place in the Zahony transloading district.

It is characteristic for the growth of freight volume that while in 1970 the tonnage of transported merchandise did not reach 10 million tons, in 1979 it exceeded 14 million tons. Transported export merchandise increased by 100 percent, import by 18 percent, and transit by 98.8 percent.

The way the Hungarian-Soviet economic links are developing can be measured by all this. And the transit traffic well represents the foreign trade links the Soviet Union has developed with the other socialist countries and with the Western capitalist countries. The importance of the transloading zone is mutually outstanding not only from the viewpoints of the national economies of the Soviet Union and Hungary, but also of the rail traffic connections between the two countries.

The Need for Rail Truck Switching in Freight Transportation

It is a known fact that due to the difference between the 1,520 millimeter gauge of the Soviet railroads and the 1,435 millimeter gauge of MAV (Hungarian State Railways), goods transported in railroad cars have to be reloaded. The Zahony transloading zone, where a variety of built-in and mobile loading machinery and transloading equipment is operated, was built in the interest of accomplishing this.

The need for transporting freight by means of rail-truck (undercarriage) switching [illegible] one of the alternative solution possibilities as early as in the beginning stage of the transloading zone's planned growth. But in addition to the rail-truck switching facility, several other related conditions--such as increasing the railroad track's axle-load bearing capability, are corrections, rebuilding some mechanical facilities--should also have been provided then for which the

[illegible] significant investment loan coverage was not available. At the same time, the other alternative plans promised more favorable solutions with smaller investment and shorter times needed for implementing them.

The main direction of growth was full mechanization of the transloading of bulk goods, and partial mechanization for smaller freight. As a result of this, mechanization of the transloading of grain products, piece and single unit items, granular goods, iron ore, coal, coke, wood and lumber products arriving in open cars, chemicals transported in tank cars, refined and unrefined petroleum products (other as fekete arus white and black goods), finely granulated bulk chemicals in covered cars has been solved. This is 80 to 86 percent of the total freight volume.

Application of the undercarriage-switching technology became necessary later for the following reasons:

- Due to the nature of some goods, their packaging, or the way they are loaded into railroad cars, they either cannot be or are difficult to reload by mechanical means.

- It would have been uneconomical to set up to mechanically load goods special goods arriving in small volumes.

- The were able to comply only in part with the extremely strict labor and health regulations.

- Sorting and loading the goods required much time and work, and demanded great physical effort.

- Performance capabilities had to be increased because freight volume was increasing and it was necessary to insure the ability to receive it smoothly.

- It was also necessary to prevent damage to the goods, and to use more modern reloading methods than were being used (for example, for passenger automobiles).

- [illegible] of [illegible] is even more preferable for these reasons.

- Made use of, and further developed, some facilities which already partially existed, thus the investment's cost demand was relatively low.

- Implementation could be accomplished in a short time within the framework of enterprise investments.

- As a consequence of making use of the [illegible] (expansion unknown) car park, MAV cars with corresponding freight weight capacity can be used for hauling other freight.

Construction and Mechanical Description of the Rail-Truck Switching Facility

Rail-truck switching was also used in the past in the Fabony district because of its advantages and because the reloading requirements were growing. On the one hand, the available undercarriage-switching capacity of GANZ-MAVAG's (Ganz Hungarian State Iron, Steel and Machine Factories) Fabony division was used for

[illegible] Freight Traffic

[illegible]

[illegible]

[illegible]

[illegible] of organizing reloading on the way back is handled by the operating departments of the "regional" railroad directorates.

The freight dispatchers, as well as the Lahore station, keep a record of the [illegible] which participate in undercarriage-switching traffic, their requirements, and how well those [illegible].

The [illegible] reloaded switchgrower [illegible] switched back in the switching [illegible] to Lahore, after which they cross the border. It is a [illegible] requirement that the same undercarriage must be reinstalled under [illegible] at entered the Hungarian railroad network.

[illegible]

[illegible] at the specific request of a shipper [illegible] is to be charged for each [illegible] undercarriage according to the Hungarian Railway's Freight [illegible] Chapter [illegible] Paragraph [illegible] for the commencing party [illegible] the Hungarian Railway's Freight Fee Schedule, Part [illegible] Chapter [illegible] [illegible] for extraordinary shipments.

[illegible] shipment [illegible] according to the [illegible] Determination [illegible] the Hungarian Railway's Freight Fee Schedule [illegible] switching the undercarriage.

[illegible] according to the Hungarian Railway's Freight [illegible] and the [illegible] Hungarian Railway's Freight Fee Schedule [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Table [illegible] Balance in purchasing power and wages for the 1975-1979 period

[illegible]

[illegible] and as well. However, other parts not requiring complicated technological processes or special equipment, but which are mass produced, should be supplied by the power industry's repair facilities.

Performing repair and maintenance tasks on electric power networks in a time period [illegible] components are replaced and the technical operation of the equipment is extended also requires supplies of spare parts and materials. Network operation is greatly hampered because the network contains many different [illegible] of equipment, which is caused, among other things, by the fact [illegible] of sufficient supplies from domestic industries is compensated for [illegible] purchases from many other countries. The electric power industry [illegible] consistently use standardized equipment obtained [illegible] thus abiding by the principle which limits to a minimum [illegible] equipment used and which at the same time makes the same type of equipment [illegible] as possible.

[illegible] equipment and increasing the qualifications of [illegible] specialize in servicing standardized equipment [illegible] industry can guarantee supplies of equipment in [illegible] needs. In addition, a diligent resolution of the problem [illegible] industries producing transformers, switching gear, [illegible] electric power cables and other equipment and materials [illegible] development of the electric power system and its failure [illegible]

[illegible] heating system

[illegible] heating systems will have an important effect on treat[illegible] [illegible] To a greater or lesser degree, centralized [illegible] boilers, heating plants, and industrial power [illegible] are electric power and heat generating plants. [illegible] increasing demand for heat energy by industry and [illegible] is possible to use fuel more efficiently by [illegible] power and heat generating plants [illegible] condensers [illegible] [illegible] power [illegible]

[illegible] heating systems [illegible] standardized [illegible] [illegible]

[illegible] on the one hand, the aim is to decrease the [illegible] of the heating network which bring heat to the consumers, on the other hand, the aim is to place electric power and heat generating plants outside the urban areas. Inasmuch as electric power and heat generating plants burn hard [illegible] and to store ashes and slag is a serious problem. Intensive [illegible] among all interested parties is required to use furnace wastes much more [illegible] to produce construction materials.

[illegible] Expanding the Electric Power System Up to 1990

[illegible] for obtaining primary energy raw materials are determined by [illegible] designated for electric energy production. To date the production [illegible] energy in Poland is based on hard coal-[illegible] percent, brown coal-[illegible] percent and the remaining [illegible] percent on fuel oil and water power (1978 data).

[illegible] the use of domestic fuels lead toward increasing Poland's [illegible] energy generating potential by decreasing the growth rate of energy production based on [illegible] and, after 1985, increasing the production of electric [illegible] starting in 1985, the production of electric energy [illegible]. The development of the Vistula River also creates significant [illegible] possibilities. Although in fact these possibilities are not large, they [illegible] to systems during [illegible] operations.

[illegible] power unit produced in Poland will be placed on [illegible] power plant, the largest Polish power plant (4,320 MW) burning [illegible]. Because of its advantageous location, this [illegible] energy to consumers within a 110-km radius, which [illegible] the Kaliska and [illegible] areas. The expansion of the brown coal-fired [illegible] and then the power plants near Poland's western border [illegible] of the Vistula River.

[illegible] expansion of Poland's power industry that is based [illegible] to determine the operating reliability of [illegible] operating under adverse weather [illegible] the operation of these units [illegible] against [illegible] increase the power reserves [illegible] comprehensive analysis of the [illegible]

[illegible]

and gas emissions from coal-fired electric power plants. However, it should be emphasized that it is much more expensive to build nuclear power plants than conventional power plants, and it will be necessary to import nuclear fuel.

In order to provide operating flexibility for the electric power system, Poland's hydropower resources will be used, above all the Vistula's, and other pumped-storage electric power plants will continue to be built (the next one to be built will be the Niota electric power plant).

[illegible] energy network is another important branch of the electric power expansion. In the Polish electric power system there are two basic groups of networks: the transmission network and the distribution network.

[illegible] technical and economic analyses indicate that after Poland's electric power [illegible] the transmission network will consist of 220- and 400-kV lines [illegible], and the distribution network will consist of 110-kV and lower voltage lines and stations. [illegible]. The transmission network was almost 10,000 km long and the distribution network was over 540,000 km long.

[illegible] increased demand for electric energy, [illegible] the year [illegible] it will not be necessary to use voltages greater than 400 kV [illegible] Poland. There are economic [illegible] of keeping the present voltages, it also is a fact that these voltages are [illegible] almost all the countries of Europe, including Poland's neighbor, Czechoslovakia and the USA, which permits the construction of direct connections between [illegible] systems and standardization of station equipment and apparatus.

[illegible] Poland's transmission network is being coordinated with the expansion of [illegible] which also includes Poland's system. Poland has been operating [illegible] when the first line linking the USA and Poland was [illegible] at present six 170-kV inter-system lines and three [illegible] power system with [illegible] territories.

[illegible]

[illegible]

[illegible]

Prospect for Decreasing the Power Shortage

Considering the above described state of Poland's electric power industry, the obvious question is: When and at what rate will it be possible to alleviate the power shortage? There is no doubt that the national economy is incurring huge losses as a result of power outages and restriction on applied power. In addition, according to competent analyses on an annual scale these losses exceed the cost of installing the additional [illegible] that would correct Poland's electric energy imbalance. Also, all possible efforts should be made to reduce operating losses in the power industry and to create required power reserves of at least 21 percent for present conditions.

In the actions to reduce operating losses, under conditions of the decreasing quality of coal, ensuring the greatest power availability rate and productivity for the coal flowline, the milling of coal and disposal of ashes, and the problem of continuing tests on increasing the productivity of coal mills in existing gabarits are critical problems. Competent technical and economic analyses show that the total reconstruction of complete boiler installations to adapt them to burn coal that has a calorific value that is 500 kcal/kg less than the value accepted for the boilers in the design of the electric power plant would lead to a major reconstruction of the electric power plant and nonoperation of its generating units for at least 2 years and would be more expensive than the investment cost for new power. Consequently, partial reconstructions should be realized and, alternatively, the advisability of enriching hard coal designated for the public utilities power industry should continue to be studied, a process which, apart from significantly limiting the share of incombustible elements, reduces the sulfur content of coal.

In the problem of the failure rate of high-output power units, the causal structure points to the boiler failure rate (76 percent), which includes heating surface leakages (52 percent). In addition, more effort must be concentrated on improving boiler designs (making sure that the permissable temperature of the steel in the steam superheating zone is not exceeded), on supplementing our own grades of steel, on making quality manufacturing, assembly and repair welds, and on limiting erosion phenomena caused by excessive ash content in furnace gases.

After the above are achieved, a basic problem that still needs to be resolved in order to correct the power imbalance of Poland's electric power system is that essential power reserves must be created which requires additional installations of new power on the order of 2,000-2,500 MW (above and beyond the prognosticated growth in demand for peak-period power and eliminations from operations of obsolete generating units).

Currently it is difficult to designate the realizable possibilities regarding the power imbalance correction because they depend on the following factors:

--The trend of further growth in demand for peak-period power and electric energy in Poland which will be correlated with the designated growth trend of the national economy. In this problem we also will have to consider the increased number of municipal-residential customers in the electric energy structure whose use of electric power is characterized by the narrow time period in which peak-period power is required and the expansion of direct electric heating;

--The possibilities of building additional electric power plants from the point of view of supplies of machinery and equipment as well as the power industry's construction potential. And in case such possibilities are ensured, one should count on a lapse of about 5 years from the time the site for a new electric power plant is ascertained to the first results of its power.

In light of the current balance of power situation in the electric power system, as well as Poland's fuel balance, immediate results could be achieved to correct these imbalances by economically managing fuels and energy and by continuing the intensive activities to limit power consumption during periods of peak-power loads in the electric power system.

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SUPPLY OF CHEMICALS FOR AGRICULTURE DISCUSSED

Warsaw DZIENNIK LUDOWY in Polish 12 Mar 81 pp 1, 3

[Interview with Chemical Industry Minister Kazimierz by Franciszek Nacinski: "The Chemical Industry Displays Good Will"; Date and Place Not Given]

[Text] [Question] Despite the stated priority, supplies of the means of production for agriculture will be lower this year than in previous years. This also concerns the chemical industry. Against what background has this clash arisen? Will agriculture be the loser in the competition with other partners of the chemical industry?

[Answer] There is not clash in the mutual relations between the Ministry of the Chemical Industry and agriculture. The chemical industry knows and understands the needs of agriculture and agriculture is quite cognizant of the production capabilities as well as the obstacles and developmental difficulties of the chemical industry. The chemical industry has many times won the support of agriculture in the matter of securing supplies of raw materials and energy or when attempting to increase investment outlays.

This does not change the fact that the chemical industry is not fulfilling its investment plan. The outlays for developing the production of chemical agents for agriculture planned for 1976-1980 were not carried out.

In accordance with the resolution of the Sejm of 21 November 1974: "Further Improvement in the Nourishment of the People and the Development of Agriculture," investment outlays for the Ministry of the Chemical Industry for the "nourishment" program were to have totaled 46 billion zlotys. Meanwhile, in the years 1975-1977, due to drastic cuts, it became necessary--with the participation of the interested ministries--to work out a Program for the Chemicalization of Agriculture which set a reduction in the investment outlays for the past Five-Year plan to 25 billion zlotys. In actuality, only 214. billion were expended. Thus, no matter what we might say, agriculture, and strictly speaking the chemical industry and agriculture, suffered a setback. The results are obvious.

[Question] Last year will be remembered very negatively by the farmers as far as the supply of plant pesticides is concerned. As I well know, 150 million foreign-exchange zlotys earmarked this year for the importation of these agents have been accumulated in the Ministry of the Chemical Industry. How does the situation look then?

[Answer] The program for developing the production of plant pesticides was only minimally fulfilled during the last five-year plan. Only a chorophenol vinylphosphorus plant was built. Therefore the industry could not ensure the supply of pesticides to agriculture. Many installations at existing factories were completely worked out and require modernization or outright rebuilding.

Last year an interministerial team was appointed which worked out and sent for consultation to the Central Committee of the PZPR a program for the development of the plant pesticide industry in 1981-1985.

Imports from the I payments area [socialist countries] are conducted on the basis of exchange. A shortage of Polish-made preparations make it difficult to obtain larger supplies from other socialist countries. In the current year 150 million foreign-exchange zlotys, plus 30 million from the allotment of the chemical industry, are earmarked for the importation of plant pesticides--concentrations and ready preparations--from the II payments area [capitalist countries].

In accordance with the guidelines, supplies of plant pesticides during the current year from domestic production and from abroad will permit us to take protective measures on a scale considered essential. Assuming no unforseen circumstances such as calamitous diseases or hordes of pests, and assuming no suspension of supplies from abroad due to difficulties in payments, the chemical industry assures supplies of plant pesticides for combating beetles and cole pests adequate to cultivate an area of 3.2 million hectares; against weeds in sugar beets for 560,000 hectares; against weeds in corn and orchards for 760,000 hectares; against diseases in orchards and large vegetable, tobacco and hops farms for 1.7 million hectares; and for fighting weeds in cereal grains for an area of 2.8 million hectares. In order to assure supplies at the proper time, considerable portions of these agents from abroad were contracted for among the suppliers as early as last year.

[Question] What is simply tragic is the situation wich farm and tractor tires. What does the Ministry intend to do in this area and when can we expect an improvement in the situation?

[Answer] During the current year, despite curtailment in the production of tires due to the liquidation of the four-brigade system and the introduction of a shortened work week (Saturdays off), the supplies of tires for agriculture will be higher than last year by 50,000 new tires and 60,000 retreads. Priority for the supply of tires to agriculture has been maintained. I am serious, for supplies for rear tractor tires, which have been the most scarce, will increase this year by 80,000.

A more perceptible improvement in the situation will come with the completion this year of the addition to the OZOS [Olsztyn Automobile Tire Works] in Olsztyn, which will give us a capacity of 200,000 tractor tires. In 1983, we foresee the completion of the plant in Bolechow. At the same time we shall be able to retread 26,000 more tractor tires and 96,000 more truck tires than at present.

In 1979, work was begun on the modernization and expansion of the tire factory in Debica. The scale is large. We are talking about an increase in the production capacity of this plant of 365,000 front tractor tires and 200,000 farm tires. We

have also begun to build a new facility in the OZOS in Olsztyn with a capacity of 500,000 rear tractor tires. The economic situation of the country is well known. For this reason, the funds for this facility were deferred last year. We still do not know now when we shall resume the work which has been halted. All of us are waiting for an improvement in the economic situation--the chemical industry as well.

The importation of raw materials is also connected with this: rubber, carbon black and cord. Current foreign exchange funds available to the ministry are inadequate to cover the needs of existing factories. Thus the situation is a complex one. We intend to increase our productive capacities by completing the aforementioned facilities when the payments situation of the country is improved. In order to mitigate the tire shortage, we shall have to expand tire retreading in the plants regulated by the Ministry of Agriculture.

[Question] Mr Minister, you recently assumed direction of the chemical industry, but you have been working in this area for many years. May I then express the conviction that, without allowing for growth at all, the following question is addressed to you: when will cheerfulness prevail in the mutual relations between the chemical industry and agriculture and when will the material supplies of this industry meet the needs expressed by agriculture. And when will the pledges and promises be fulfilled which--I ask this in the name of our readers--have been lavished upon us?

[Answer] In January of this year, a program for the development of the food industry for 1981-1985 was worked out. It was handled by a special commission appointed by the chairman of the Planning Commission and included producers of the means of production for agriculture as well as consumers. As a result of the confrontation of needs with possibilities, an initial assessment was made of capital expenditures, in which the share of the chemical industry for the current 5-year period is supposed to be 62 billion zlotys, of which 39 billion are for the development of fertilizer production, 10 billion for plant pesticides and the remaining 13 billion for fodder additives, veterinarian medicine, etc. This is not all, because a good deal of our foreign exchange currency will be needed for supplemental imports of plant pesticides and raw materials such as phosphorites, potassium salts and the like.

The neglect of many years cannot be rectified in a short period of time. In all, 693 billion zlotys were expended on the food industry during the last 5-year period, in which the chemical industry obtained somewhat more than 21 billion for investments for the needs of agriculture--as we have mentioned. Equilibrium has been lost. We have to restore it. We must work systematically and with patience. It is precisely in this way that the chemical industry intends to work for the needs of agriculture.

[Question] How are supplies of mineral fertilizers shaping up this year?

[Answer] In the last 5-year period, not a single new mineral fertilizer factory was put into service. Only the common superphosphate plant in Stettin was converted in 1977 to a triple superphosphate plant. The plans for production and supplies for agriculture were based upon the assumption of optimal utilization of existing production capabilities and also on the assurance of full and regular deliveries of gas, electrical energy and raw materials to the factories and of receipt from them of finished fertilizers.

During the last 5 years these conditions were not met. There were serious disruptions which were caused by reductions in the supplies of natural gas, electrical energy and, periodically, of coal. We noted serious difficulties in transportation and with the purchase of phosphorites. The fertilizer plants are in continuous operation and each disruption causes losses which, in practice, cannot be made up. At the present time, the situation is undergoing improvement only in transportation.

Apart from the problems of raw materials and energy, there are internal difficulties in the fertilizer industry. The matter has to do with frequent breakdowns in the Zaklady Azotowe [Nitrogen Works] in Wloclawek. They have been caused by poor design and workmanship in these works by the French contractor ENSA. In order to solve these difficulties, the Council of Ministers in October 1977 submitted a resolution to supplement expenditures in the Zaklady Azotowe [Nitrogen Works] in Wloclawek.

In accordance with this decision, the construction and assembly work was to have been begun in the second quarter of 1979 and full productive capacity was supposed to have been reached by the ammonia factories in these works in November 1980. Up to now, this resolution has still not been carried out due to a shortage of foreign-exchange funds for importing the necessary equipment and due to a lack of executive powers.

And so the supplies of fertilizers for crops in 1981 according to the actual assessment of the situation amount to 1.3 million tons of nitrogen, 840,000 tons of phosphorus and 1.4 million tons of potassium fertilizers. In all, 3.56 million tons of fertilizers reduced to pure components. That corresponds to 189 kg of NPK [Nitrogen Phorphorus Potassium] per hectares of cropland, i.e., 15 kg more than for the crops last year. Supplies of urea from the USSR, Hungary and Czechoslovakia are coming in to improve the situation. The first deliveries will arrive as early as this month.

[Interviewer] This prognosis appears very optimistic in light of the difficulties which you mentioned earlier Mr Minister.

3290
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TRADE UNIONS DEPUTY CHAIRMAN DISCUSSES THEIR ECONOMIC ROLE

Bucharest ROMANIA LIBERA in Romanian 3, 4 Apr 81

/Interview with Gheorghe Petrescu, deputy chairman of the Central Council of the General Union of Romanian Trade Unions, by Mircea Scripca/

/3 Apr 81, pp 1, 5/

/Text/ /Question/ As the largest mass organizations of the working class, the trade unions perform important tasks in all fields. Their role and functions in Romanian society and the aims of their activity pointed out by Party Secretary General Nicolae Ceausescu at the 12th RCP Congress and on other occasions lend the trade unions a broad and profoundly democratic scope calling for assignment of direct and definite responsibilities to the trade union organs and organizations on all levels for the solution of all economic and social problems presented by the task of socialist construction in Romania. Please tell us briefly, Comrade Vice Chairman, how the trade unions performed their important assignments in the last five-year plan and what results are being reported to the Congress of the UGSR /General Union of Romanian Trade Unions/.

/Answer/ It is rather difficult to explain in a few sentences and briefly, as you asked me to, what the last five-year plan meant to the trade union movement in Romania even if I condense the ideas as far as possible, because for the trade unions too it was a period of consolidation of the experience acquired in the years of socialist construction and one of adopting new and qualitatively higher standards for the trade unions' participation in and direct contribution to the solution of the increasingly complex economic and social problems presented by Romania's social development and for development of the trade unions' role in the work of the collective management organs, in strengthening workers democracy, self-management and self-administration, and in organization and implementation of socialist competition. During the period from the last UGSR congress to the present time, on the basis of the valuable guidelines of the party administration and Party Secretary General Nicolae Ceausescu, the trade union organs and organizations enhanced their political, organizational and educational capacity and acted responsibly to best fulfill their tasks and accomplish the major goals set by the party for Romania's further progress, for the people's greater welfare, and for implementation of the RCP Program for Construction of the Fully Developed Socialist Society.

The number of trade union members has increased by about 1 million in the last 5 years and now amounts to over 7 million. In accordance with the tasks assigned at the last UGSR, steps were taken to organize the trade unions in correlation with the structure of the economic and social units, eliminating organizational fragmentation. Trade union councils were organized for some vital industrial districts, and they provide the subordinate trade union organizations with uniform coordination and guidance under the supervision of the party committees. Similarly, in the industrial combines and big enterprises or for geographically scattered units strong unit trade unions were organized with operational autonomy, enabling them to perform their role and functions more efficiently.

The trade union assemblies and conferences for reports and elections held on the eve of the UGSR Congress were occasions for summarizing progress to date, for thorough analysis of the work of the trade union organs and organizations on all levels, and for full commitment to the important goals of the new period Romania has entered.

/Question/ As active participants in the implementation of workers self-management and self-administration, how are the trade unions performing the functions conferred on them for the purpose?

/Answer/ In the extensive process of intensifying and perfecting workers self-management and self-administration the trade unions' role, as pointed out in the Principles of the UGSR Central Council for the UGSR Congress, is to ensure the direct participation of the working class and all workers in management of the entire activity of the enterprises and other state economic organs and to mobilize the creative efforts of the masses for exemplary fulfillment of the plans for Romania's socioeconomic development, using for those purposes the institutionalized forms, namely the workers general assemblies chaired by the chairmen of the trade union committees, the workers' councils, about one-third of whose members are directly productive workers, the subject commissions of the latter, and the councils for workers control of economic and social activity, as well as their own organizational framework and the ways and means available to them.

Invested during the period since the last congress with new and important functions and having representatives in the higher state organs, in the government, on the National Workers Council, and in the managements of the ministries, central and local institutions, and enterprises, the trade unions have their say about all matters under discussion and directly participate in drafying and ratifying decisions concerning Romania's socioeconomic development and the progress of society as a whole. It is important to note that the trade unions, while maintaining their full autonomy as mass organizations, act from within all the collective management bodies where they are represented in order to closely coordinate the general interests of society with the workers' interests.

In the course of the workers general assemblies held in the 1976-1980 period, about 1.5 million proposals were made to improve the activity in all fields. The trade unions specially emphasized careful analysis of the formulated proposals, implementation of those deemed advisable, and implementation of the decisions and measures passed by the general assemblies. An intensive effort was also made by the 5,000 and more councils for workers control of socioeconomic activity in the socialist units, and as we know they were included in the complements of the operational bodies of the trade unions. The regional trade union organs arranged studies, analyses, exchanges of experience and conferences periodically to improve the work of these councils and the effectiveness of their controls.

/Question/ What are the trade unions doing to involve the workers in implementation of the party's economic policy?

/Answer/ As it is pointed out in the Principles of the UGSR Central Council for the UGSR Congress, the trade unions are emphasizing production problems in their activity, and unification of the efforts of the workers, technicians, engineers and other workers to carry out the decisions of the 12th RCP Congress and to continue, on a higher level, the implementation of the party program for steady growth of the national economy and for transition to a new quality in all socioeconomic activity.

Shifting the main thrust of the trade unions' activity to enterprises, institutions and the ranks of the workers, the UGSR Central Council and the sectorial unions, jointly with the economic ministries, have helped the workers collectives for some time in over 1,500 enterprises and economic units in difficulties with fulfillment of their tasks to devise and apply measures to implement the provisions of the plan for socioeconomic development. These include the mining units in Valea Jiului and the Oltenia coal region, units of the Galati Iron and Steel Combine, the Pitesti Chemical Combine and Constanta port, the Bucharest Danubiana Enterprise, and various construction sites.

Trade unions have heavily emphasized organization of socialist competition in enterprises and production sectors. By interesting the workers in achieving the goals in socialist competition and fulfilling the production tasks in the last five-year plan the trade unions helped to obtain a 10 percent annual growth rate of the net industrial output, to construct and activate over 2,400 new production capacities, to reduce production costs, and to improve operations in transportation, services etc. Many workers collectives in the machine building, light, forestry economy, construction materials and other industries logged early fulfillment of the tasks of the last five-year plan.

Generalization of some helpful initiatives produced good results, such as "The Micron, the Gram and the Second," "Neither a Machine Below Planned Productivity Nor a Minute Unworked," "The Collecting Savings Account of the Trade Union Group," "Quality Self-Control" and others, as well as expansion of some initiatives characteristic of sectors, including "The Highly Productive Brigade" in the mining sector, "All Cast Iron Production Above Plan With Conserved Coke" in the metallurgical sector, "The Best Managed Worksite and Job" in construction, and "The Good Service Brigade" in trade.

/Question/ Fulfillment of plan tasks, quality of products and their competitive power for export heavily depend upon the way the personnel are trained and improved. What is the trade unions' contribution to this?

/Answer/ Realizing the importance of these requirements of production and the national economy, the trade unions attach particular importance to thorough training of personnel and their further improvement. In the last five-year plan the UGSR Central Council and the committees of the sectorial unions of trade unions collaborated with the Ministry of Education and Instruction, the Ministry of Labor, the economic ministries and the UTC /Union of Communist Youth/ in drafting and applying the regulations to improve high school and occupational education, organizing controls and analyses, and instituting measures for training and improvement of occupational knowledge. Moreover, 32 occupational competitions were organized jointly with the UTC, with a final stage on the national level, in which over 1.2 million workers participated annually.

I also wish to mention the trade unions' contribution to the extensive effort instituted by the party administration to develop mass scientific and technical creativity at the National Cintarea Romaniei Festival. Over 3 million workers participated in two of these festivals and solved about 360,000 technical problems, contributing to the considerable reduction of imports. And thanks to the trade unions' sustained effort to develop the inventions and innovations movement, the number of innovators circles was doubled in the 1976-1980 period and over 35,000 inventions and innovations were produced and introduced in production, with a postcalculated economic effectiveness of about 9.8 billion lei.

/Question/ Yet a number of defects were recorded in the trade unions' activity. In view of the necessity of remedying them and the increased tasks in the Plan for Romania's Socioeconomic Development in the 1981-1985 Period, will you please tell us how the trade unions will direct their activity?

/Answer/ The trade union organs and organizations will try to raise their activity to a higher qualutative level. They will make a greater effort to help the units fulfill the overall tasks of the new five-year plan. They will try especially to consistently apply the new economic-financial mechanism in industry and all activities and to base all activity on the principles of self-financing and self-administration. Together with the other mass organizations and the ministries, the trade unions will take responsible action for the good organization and conduct of socialist competition, emphasizing exemplary fulfillment of the plan provisions for physical production, net output and commodity output sold and paid for as priority goals in competition. Emphasis will also be placed on exceeding the plan in the sectors producing raw materials and especially in coal extraction, in the petroleum units and in the agricultural units.

Trade unions will also make a greater contribution to careful husbandry of raw materials and materials, use of recoverable materials and conservation of energy and fuel, just as they will make a more intensive effort to support the programs to enhance labor productivity. Under the conditions of the agrarian revolution the trade union organs in state agricultural enterprises and agricultural mechanization stations will have greater tasks for concentration on involving the workers collectives in good preparation and conduct of the agricultural campaigns and in prompt and proper performance of the operations in order to increase crop and livestock production. The trade unions will support transportation, trade and services as well as other activities more effectively, making a considerable contribution in these fields to fulfillment of the plan tasks with better results and to satisfaction of the demands of the national economy and the public.

Fully aware of the importance of fulfilling the economic tasks for raising the workers' material and cultural living standard and the entire people's standard of civilization, and making better use of the acquired experience and the great possibilities offered by the democracy of our order, the trade union organs and organizations will consistently militate for application of the valuable guidelines handed down by Party Secretary General Nicolae Ceausescu for transition to a new quality in all activities and for making this five-year plan a period of great effectiveness, and they will make every effort to unite the efforts of the trade union members for resolute implementation of the decisions of the 12th Party Congress.

/4 Apr 81, pp 1, 5/

/Text/ /Question/ Implementation of the program to raise the workers' living standard and to further improve the quality of life has a place of honor among the broad functions conferred upon the trade unions. What have the trade unions contributed to this and how will they proceed henceforth?

/Answer/ The USGR Central Council and the trade union organs and organizations have made a great contribution to implementation of our party's and state's social policy and to preparation and application of the series of measures to improve the workers' living and working conditions. The program to increase the base pay of all the 7.3 and more workers specified for the 1976-1980 period was completed on 1 December 1980. The population's incomes from the social consumption funds were increased by 40 percent. The material base of education, the health network etc. was developed. Over 800,000 apartments were built to provide better living conditions, and about 250,000 accommodations were provided in new workers hostels.

I would also like to mention that over 11.2 billion lei were allocated in the state plan in the last period to apply the measures for labor safety equipment and to supply protective clothing and work clothes.

/Question/ What efforts have the trade unions made for effective use of those funds and to improve labor safety conditions?

/Answer/ We first emphasized prevention and elimination of the causes of labor accidents and occupational diseases. To this end the trade union organs and organizations made efforts to instruct and educate personnel and for knowledge and observance of labor protection standards. A wide participation of over 4 million workers was recorded annually in the mass stage of the labor protection competition.

The effort was made everywhere to use the funds allocated for labor protection efficiently and to apply the measures for labor safety equipment specified for this purpose. On various levels, in trade union groups and in workers general assemblies the causes of accidents and violations of labor protection norms were analyzed and appropriate measures were adopted. To improve the working conditions of personnel still working in harmful environments in many units of the chemical, mining, metallurgical and machine building industries, new technologies and systems for catching and purifying gases and poisons were introduced, heavy operations were mechanized, noise and vibrations were reduced, etc. These programs helped to reduce the labor accidents and incidences of occupational diseases.

/Question/ And what has been done to improve workers' living conditions?

/Answer/ In the spirit of the profoundly humanist policy of the RCP, which emphasizes the individual in its efforts and constant improvement of his quality of life, the trade unions have specially emphasized improvement of the workers' diet and the activity of the canteens as well as provision for better conditions of rest and treatment. The USGR Central Council jointly with the Ministry of Domestic Trade and the Central Union of Consumer Cooperatives have made efforts to found new canteens, to develop and operate the existing ones properly, to organize adjoining farms, and to diversify and improve the menus. There are now 2,000 canteens, 3,000 small canteens, and about 1,900 adjoining farms. The competitions among canteens helped to foster the economic spirit and to extend the leading units' experience to many other canteens.

The same attention was paid to organization of the workers' rest and treatment in order to restore health and maintain working capacity. The trade unions' own base for spa and rest treatment was annually developed and now includes 17 units with about 10,000 accommodations. In the last period the trade unions sent over 2.4 million workers for rest and treatment, including a high proportion of miners, iron and steel workers and machine builders. The accommodations will be doubled in the present period by building new homes for rest and spa treatment.

I also wish to point out the trade unions' contribution to other capacities. In the 1976-1980 period about 440 million lei were granted out of the trade unions' funds to build houses of culture, clubs, creches, kindergartens and other social-cultural capacities.

But in pointing to those results, I must say that the trade unions' activity also showed a number of defects. Appropriate measures were adopted to eliminate them and to improve the trade unions' work in the social field. Other measures are intended to enhance their contribution to the major social tasks specified in the new five-year plan. The average real wage will be up 16.18 percent. More funds will be allocated out of the stae budget for social-cultural capacities, which will amount to about 12,950 lei per family in 1985, and 1 million apartments will be built in the 1981-1985 period.

/Question/ What will the trade unions do to contribute more to the implementation of these important provisions in the new five-year plan?

/Answer/ In the spirit of the Principles of the UGSR Central Council for the USGR Congress, the trade union organs and organizations will participate more actively in the distribution of the national income and in setting the living standard indicators, on the basis of their broad functions in social activity. They will also help to prepare and apply all laws and regulatory acts governing the working and living conditions of personnel, and they will consistently see to strict application of the socialist principle of remuneration according to quantity, quality and social importance of work, to equitable distribution of the incomes obtained from work, and to the formation and use of the fund for workers profit-sharing. The trade unions will also approve the remuneration methods and work norms according to the nature of the enterprise's activity in conformity with the laws in force, and they will control their application.

To improve the workers' working conditions, the trade unions will tighten control over observance of the labor protection norms. Jointly with the collective management organs, they will act more firmly to eliminate harmful elements from work places and the causes of accidents and occupational diseases. As for new capacities, in order to create the right conditions for the production process the trade union organs will approve construction of new industrial capacities in the design stage and will participate in their inspection so that no investment project will be activated unless it meets the conditions for safety equipment and labor hygiene.

In view of the important social role of the canteens, steps will be taken to further improve their operation. Since only 12 percent of all workers eat in canteens, emphasis will be placed on increasing the number of regular customers. To this end the menus will be further diversified, their quality will be improved, and the cost of the meals will be reduced by self-supply with meat, vegetables and greens from the canteens' own adjoining farms.

Other major efforts will be made for better organization of assignments for rest and treatment and to control the way accommodations, treatments and services are provided in the health resorts. The trade unions will also contribute more to proper organization and exercise of workers control over other social activities as well (trade, services, medical-health care, etc.).

The adequate and thorough analysis that will be made at the Plenum of the UGSR Congress and the opinions and suggestions that will be expressed by those present will contribute to the adoption of new measures that will help to improve the trade unions' activity and enhance their contribution to the accomplishment of the important socioeconomic objectives of the new five-year plan and to Romania's rise to new levels of progress and civilization.

5186
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TRADE UNIONS PLAN IMPROVEMENTS FOR COMMERCIAL SECTOR

Bucharest ROMANIA LIBERA in Romanian 24 Mar 81 pp 1, 5

[Interview with Dobra Tiron, president of the Committee of the Union of Trade Unions in Trade and Cooperatives by Mircea Scripca]

[Text] [Question] As is pointed out in the Theses of the Central Council of the General Union of Trade Unions of Romania for the Congress of the General Union of Trade Unions of Romania, the trade union organs and organizations are called on to provide for broader mobilization of the workers' creative ability, for their initiative for complete fulfillment of the provisions of the plan for Romania's social-economic development for 1981. In the activity of supplying and serving the population, this requires improvement in trade union activity in the area of the organization and development of socialist competition, in substantiation of the commitments by commercial units and production and providing of services and in providing the necessary material-technical conditions. In connection with trade union activity in this important branch of the national economy, with their contribution toward the continued improvement in work and the measures being kept in mind for the future, Comrade Dobra Tiron, president of the Committee of the Union of Trade Unions in Trade and Cooperation, offered us a number of details emphasizing the actions organized in preparation for the Congress of the General Union of Trade Unions of Romania.

[Answer] The more than 500,000 workers in the sector of goods circulation, organized in more than 960 trade unions, are concerned with fulfilling under the best possible conditions the tasks for better supply and service for the population, rise in the qualitative level of commercial activity, efficient use of the material-technical base and management of the goods entrusted by society with greater care.

Toward this end, our actions first aim at extending the positive experience accumulated until now, providing concrete guidance, differentiated by trade unions, depending on the specific nature of their activity. Meetings were organized in the big commercial centers such as Brasov, Timisoara, Iasi, Cluj-Napoca, Pitesti and so forth, regarding the intensive use of sales areas, extending modern forms of trade, raising the quality of service and so forth. Exchanges of experience also were organized in the area of the consumer cooperatives in Sf. Gheorghe, Gaesti, Diosig-Bihor and so forth, on specific problems in cooperative activity regarding fulfillment of the plan of contracting and acquisitions and development of activity providing services.

[Question] How are the trade unions taking action to have complete provision of the stock of goods and for sensible distribution of it by in the network?

[Answer] In collaboration with the Ministry of Interior Trade and with the trade union unions in light industry and agriculture and the food industry, working meetings were organized between representatives of trade, cooperatives and industry, establishing specific measures to have complete delivery provided within the terms established for the quantities of goods contracted and under conditions of strict respect for the quality of products delivered to the market fund. On the basis of measures established, commune collectives were organized, in which cadres from the ministries' apparatus were drawn and they have effectively helped a number of commercial enterprises in Bacau, Botosani, Buzau, Galati, Hunedoara, Prahova and other counties in the activity of taking over the goods from the suppliers and sensible distribution both by commercial systems, by worker locations and centers as well as by sales units.

In the activity worked out along this line, some shortcomings also have been recorded, for the correction of which the appropriate measures have been adopted. In order to provide the stock of goods at the sales volume level of 225.5 billion lei, forecast for this year, the committee of the union of trade unions from the branch will increase its contribution to strengthening the collaboration with industry, to providing stricter respect for contractual discipline. Action also will be taken to complete the goods stock in each county by acquiring from the population a volume of agricultural food products valued at 1.7 billion lei, which is 16.8 percent more than in 1980. At the same time, the trade union in the cooperative--in collaboration with the leaders of the particular units--will take action to develop the production of small industry, to extend the services which still are not satisfying the population's demands and in the area of home building and repair and maintenance of long-usage goods.

[Question] The trade unions also have a big role in providing good services to the population. How is this role carried out and what is to be undertaken to raise the quality of service in trade?

[Answer] Along this line of concern, our attention first is directed to providing a solid training for the cadres, for intensification of educational activity among the commercial workers in the spirit of socialist ethics and equity and raising attention and concern with the buyers.

[Question] Around 76,000 workers were qualified in the preceding five-year plan through the school network and on the job, at the same time organizing advanced training courses for all worker personnel in the branch of goods circulation. In order to aid good services, in collaboration with the Union of Communist Youth and with the appropriate ministries, there is an annual organization of professional contests--"Good Service, "Best Chef, Best Pastry Chief, Best Waiter" --which annually include about 200,000 workers in trade, the cooperatives and tourism. A number of valuable initiatives also will be continued this year and extended to other units, initiatives such as "Individual and Collective Self-Checking," "Professional Square" (which is organized prior to the working program of the commercial and public food units).

However, we should point out that in this area some defects still persist. There still are commercial enterprises--in counties such as Hunedoara, Neamt, Iasi,

Maramures, Brasov and others--where workers who do not have the necessary qualifications are participating in sales, something which must be corrected by fitting them into the appropriate forms of instruction. On the other hand, since there are a number of commercial workers who show incorrect service, a lack fof concern for good management of goods and defense of public wealth, the trade unions are to take more firm action, strengthening educational activity among all commercial workers. Along this line we also will extend meetings among specialists and commercial workers, the goal of which is to improve buyer-seller relations. A more important contribution also will be made by giving greater attention to resolving the letters of the workers control teams.

[Question] What concern are the trade unions demonstrating for improving working conditions in commercial activity, within which, as we know, there are mostly women?

[Answer] Through the working conditions we understand an entire ensemble of measures, starting with providing the necessary material-technical base up to application of measures to protect work. In the preceding five-year plan general stores were put into use as well as units providing services, over a total area of 2.4 million square meters. Together with this, supplies were made for the mechanization of work, totaling 364 million lei, with a view to reducing physical effort. In order to apply rules for the protection of work, nearly 280 million lei were allocated.

Despite this, there still is much to be done in the area of mechanization. There are wholesale and retail enterprises where the goods handling operations are still being done manually, including by women. Together with the measures which will be taken by trade to extend mechanization, the production enterprises are required to deliver the quantities of planned goods in a preassembled state, thus easing the handling and transport of them in the warehouses and contributing to a more effective sale of the goods. Let us not forget that by preassembling the goods in the trade units, nearly three times more is spent than if they were preassembled in the production enterprises.

In the spirit of the decisions adopted at the recent conference of the Union of Trade Unions in Trade and Cooperatives--which discussed precisely these problems--we will take action to intensify trade union activity at all levels and to attract participation of all members of trade union committees and commissions for problems in various actions to organize socialist competitions by enterprises, stores, production units and service units and between working formations and individually. By taking action in this way and adopting other measures along the way, also, the trade unions will be able to make a greater contribution to raising the level of commercial activity, to raising economic efficiency and to supplying and serving the population under better conditions.

8071
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ORGANIZATION KEY TO GROWTH IN AGRICULTURAL PRODUCTIVITY

Bucharest ERA SOCIALISTA in Romanian No 4 20 Feb 81 pp 1-4

[Unsigned article: "Priority Directions in the Modernization of Our Socialist Agriculture"]

[Text] As a result of the mobilizing impetus of the decisions of the 12th Party Congress, which established as one of the basic directions of the current five year plan the carrying out of a profound revolution in agricultural production, the Second Congress of the Leadership Councils of the Socialist Agricultural Units and the Entire Peasantry is taking place. A special moment in the affirmation of the worker-peasant alliance and in the improvement and the raising of agricultural activities to a qualitatively higher level, and in the development of socialist democracy, the Congress of the entire peasantry is once again demonstrating the great importance which the party and state give to this basic branch of the national economy and the attention which the peasantry in our socialist society is today enjoying.

The problem of developing and managing agriculture is combining the concerns of the working class, the peasantry and all the people for bringing about the programmatic options of the party referring to the creation of a highly productive agriculture that can provide an increased amount of agro-agricultural products.

The dynamics of economic growth in our country involve agriculture at a higher level, with its role within the national economy acquiring a new order of magnitude both with regards to the growth of production and labor productivity and to its contribution to increasing national income.

The profound revolution in agriculture initiated by the party stems from a social requirement of the first order, from the substance itself of multilaterally developed socialist construction, which first of all affirms the major concern for satisfying the continually growing needs of the workers. This is the source of the need for a modern agriculture, one of high productivity which, in addition to raw materials, represents the irreplaceable basis for the development of the industrial branches and for a vigorous and multilateral economic growth. Comrade Nicolae Ceausescu points out: "We consider the achievement of a strong raw material base and a developed agriculture as priority objectives of equal importance which must stand in the center of each party organization's, each county committee's and all workers' concerns."

As "a priority among priorities," agriculture is experiencing a moment of deep reconsideration, with the new attributes of the industry of the land becoming agriculture's basic coordinates, the imperative for intensifying the process for modernization and qualitative growth in agricultural production. The material support for carrying out this broad and complex process is represented by the volume of investments, which during this five year plan total 155 billion lei. As a result, in 1985 agriculture will have 160,000 tractors with higher horsepower, 45,000 combines for harvesting grain and 27,000 combines for corn, as well as a broad range of machinery that will permit the full mechanization of basic agricultural work, the carrying our of seeding in 15 days, the harvest of grains in 8 days and corn in 30 days at the most, as well as the carrying out of work under proper conditions in legumiculture, pomniculture, viticulture and so forth. The 3.8 million to 4 million tons of active substance chemical fertilizers will ensure a superior fertilization of the land, at a rate of approximately 255 kilogram/hectare for agricultural lands and 320 kg/ha for arable lands, vineyards and orchards. Thus, significant steps are being taken in the direction of transforming agricultural work into a variation of industrial activities - a fundamental strategic objective of the party's agrarian policy designed to exercise a key influence upon economic growth and upon raising the standard of living for all people.

From the perspective of this objective, with multiple social significance, the achievement of a profound agricultural revolution, which is defined not merely as a mechanical, biological or chemical revolution, but one involving overall production relations, involves both the development and modernization of production forces, the rational use of the land and the full material and human technical potential, the sustained promotion of modern science, techniques and technologies, and the increase in the level of personnel qualification, the organic improvement of production and labor and the improvement of the system of democratic management of agriculture.

The continually growing and diversified requirements of society, combined with the dynamics of demography, are making demands on agriculture on multiple levels and at higher and higher production parameters, which explains the reasoning for the efforts to fully use the full agricultural potential - from the modernization of techniques and the improvement of the management of production to incentives for the producers. The main stress is placed on increasing grain production so that it reaches 27 million to 28 million tons annually. Significant production increases are foreseen for technical crops, especially for sugar beets, sunflowers and hemp. as well as in viticulture and pomniculture. Through the rapid date of development in zootechny, the percentage of this field in agricultural production will reach 45 to 50 percent in 1985.

The exemplary fulfillment of the tasks to increase agricultural production brings into the center of attention the requirement to fully and rationally use the technical-material base and, above all, the land. Year-to-year the technical level of agricultural production is increasing, the amounts of fertilizers and chemical substances are growing, and land improvement projects are expanding. Nonetheless,

more than up to date is needed so that each agricultural area, each bit of land is used to the maximum, regardless of whether it is state, cooperatist or private property, with this being a basic condition for obtaining greater quantities of agro-food products. The agricultural area that we have cannot, naturally, be expanded, and this is the reason for the imperative requirement to have the best possible management of the land and to be firmer in maintaining the dimensional and productive integrity of this land. "This is actually the essential problem with which we must begin this very year," stressed comrade Nicolae Ceausescu at the working session in Brasov.

The dynamics of vegetal and animal agricultural production, as well as the level of economic efficiency, attest to a noticeable growth in the level of land use and the entire agricultural potential. In 1978, we obtained the largest wheat production in the history of our country, and in 1979 we had the largest cereal production. In 1980, agricultural production was 4.1 times greater than that achieved in 1950. In recent years, there has been a noticeable increase in the percentage of the state and cooperative agricultural production units that are obtaining a wheat production of over 4,000 kg per hectare, just as there has been an increase in the number of units that are obtaining a truck-load and over a truck-load of corn per hectare, and large amounts of milk, meat and wool.

The level at which the land and the entire agricultural potential is used, however, does not meet as it should the requirements of the national economic development and of raising the workers' standard of living, with the level falling below the opportunities created throughout the years. The notable results obtained as a result of applying the state's land policies are diminished by the practice of certain irrational methods in using the land, methods which have been used or, in some cases, continue to be used in agricultural activities. There is the frequently encountered mentality that the land "will grow anything and no matter how it is worked, it will produce something." This explains, to a good degree, why on some vast arable areas the plowing and seeding of crops are carried out with long delays, the maintenance of crops and harvesting are extended long past the optimum period, chemical fertilizers are carelessly applied, irrigation is carried out wherever and with little regard and its use is deficient, and, in the end, without listing the negative impact, the improvement of the soils and the combatting of erosion are not carried out at a satisfactory rate.

Just how damaging is this state of affairs is demonstrated by the calculations based on the results of agricultural practices and experimental research which show that, if the entire arable area were used rationally and if correct actions were taken to maintain and improve natural soil fertility, the total cereal production would be at least 40 percent greater than the best amount obtained to date, without the need for any additional investment effort. The frequently seen shortcomings on large expanses of land in carrying out agricultural projects do not lead solely to the annual shortchanging of production by millions of tons of grains or other products, but have a more profound effect since they accelerate the reduction of the amount of humus in the soil, which, as we know, represents the most valuable part of the fertile stratus and plays a vital role for the current and future existence of agricultural, since without humus agricultural production is not possible.

Our agriculture is capable of fully successfully overcoming the existing negative state of affairs in the use of the land. The experience in the management and organization of production, the specialists knowledge and the level of technical equipment are good arguments in support of this statement. In each agricultural unit, there is need to put forth efforts so that the promotion of a rational, intensive, highly profitable agriculture, the only one capable of continually improving the physical, chemical and biological properties of the soil, will be based upon unified application of an agro-technical and organizational complex whose central axis will be the organization of vegetal production using crop rotation, the combined use of organic and chemical fertilizer and the introduction of modern technologies, as well as the carrying out of all projects during the optimum periods and in a quality manner. Precisely for that reason, during the process of fully applying the principles of the new economic mechanism it is necessary to carry out a broad political-educational activity that will efficiently contribute to the radical change of the agricultural workers' views regarding the development of agricultural production so that each state or cooperative agricultural unit will place the stress upon intensive factors, such as the rational use of the land and the full material and human technical potential, the application of modern technologies and industrial methods, the reduction of the per-unit product cost and the growth of labor productivity and profitability. In the concerns of the party organizations and the management organs, it is necessary to care about the establishment in each unit a climate of complete order and discipline and high responsibility towards the carrying out of agricultural work.

The various existing production possibilities in the private farms and the non-cooperativized areas can be put to use much above the current level. These farms can be actively assisted so that, in accordance with the country's laws, all land holders, be it in private land or lots in use, can cultivate all the land area and raise animals and fowl for the purpose of providing for their own needs and of providing certain more significant quantities of products to the state fund.

Certainly, the fundamental objective of all the field workers is the substantial increase of cereal production and agricultural production in all its sectors in order to provide under good conditions agro-food products to the people and raw materials to industry, as well as to satisfy the other requirements of the national economy. Agricultural production, however, must be obtained not just in any fashion, but under conditions of high productivity and with the lowest possible material costs per-unit of product in order to provide a noticeable increase in economic efficiency. This brings to light the continuing concern for strongly using intensive, qualitative factors to increase economic efficiency in agriculture as one of the fundamental problems in the progress in this basic branch of the national economy.

By virtue of this major requirement, in the center of the agricultural workers' attention is the requirement to fully apply the principles of the new economic-financial mechanism. Paralleling the strengthening of responsibility towards the

achievement of the planned production and the delivery of products to the state fund, there is need for each agricultural unit to work with greater firmness to reduce the per-product material costs, with the main means of doing this being the introduction on a broad scale of high profitability technologies that will ensure the reduction of the number of workers and manual labor, as well as the irreproachable execution of work. This is even more necessary since a well-known truth is frequently neglected in agricultural practice, that the efficient use of the production potential requires the rational combination of technical, agro-technical and organizational measures. In this regard, we cannot work with just half-measures because of the negligence in one or another of these factors without causing greater or lesser damage to agricultural production and economic efficiency. Unfortunately, there are more than a few agricultural units where the preparation of the soil is carried out under good conditions, but they do not adhere to the proper density of plants per hectare or the plowing is done long after the optimum time when the conditions are inappropriate - rain and cold. Under these conditions the land is extremely difficult to work, with all this leading to losses at harvest and affecting the structure of the soil. Long agricultural practice and research data demonstrate that if the fall plowing is carried out at the optimum time there is an increase in production of at least 30 percent, while in cases where this work is very long delayed production decreases by 30 percent.

It is a reality that on those vast areas under irrigation levels of production are obtained per each hectare that are exceeded on non-irrigated areas. The causes for this difference are many, with the primary reason being that agricultural units have an insufficient number of machines and equipment necessary to mechanically carry out the work in the irrigated fields and that technologies inappropriate for irrigated crops are applied to the fields. Some specialists do not realize the fact that in irrigated fields it is necessary to have a new technology that does no permit deviations, just as there is need for hybrids and high productivity seeds, for an appropriate crop density and a rational watering schedule and so forth.

The practice of an agriculture of high profitability and efficiency involves mechanized equipment operators, cooperatists and specialists in all aspects, requiring of them, furthermore, order and discipline in the execution of their work, firmness in the use of modern technologies and the advances of science and an administrative spirit in the organization of production and the spending of funds. By more efficiently tying the salaries of the mechanized equipment operators to the results obtained in production, after they conclude an overall contract agreement, these people are directly interested in carrying out their work during the optimum time and under quality conditions. Of no less importance is bringing up to date the prices of production, contracting and supply in agriculture, which stimulates efforts for larger and quality production, for the reduction of per-unit production costs and for the profitability of all the branches of production, in this way obtaining the profits necessary to provide for agriculture's own development fund at each agricultural unit.

Under the conditions of the new economic-financial mechanism, the basic criterion in the evaluation of the results of each work collective in each agricultural unit is the achievement of a large and constant agricultural production, the use of this production at superior and quality indices and, in the end, the achievement of an appropriate net production and volume of profits.

Today, under the actions of modernization when agriculture is rapidly abandoning the old methods and systems of working the land and is gradually being transformed into a variation of industrial work, the management of production is becoming a true science, moving away from the traditional forms.

Recently, the party initiated a series of measures for the purpose of improving and perfecting the management of agriculture at all hierarchical levels, consistently promoting the improved forms and methods of organizing, managing and planning production. At the basis of these measures an elastic style of work is promoted at the central organs that will ensure an effective, specific management of the units, while on the other hand broadening the rights of the local organs in the management of production by increasing their role, initiatives and responsibilities. Thus, the responsibilities have increased for the county people's councils, this year becoming responsible for the agricultural plan, regarding agricultural production and providing funds for supplies both for local needs and those of a national interest. This is the means by which the decisionmaking and organizational autonomy of each county will bring about the principles of the new economic mechanism, self-management and self-administration. Conditions have been created, along with the exemplary fulfillment of the plan for deliveries to the state fund, so that beginning this year each county can become self-supplying.

As an expression of socialist democracy, the attraction of village workers into the management of economic-social affairs represents a premise for ensuring an agriculture of high profitability and efficiency. Regarding the new exigencies, there is an immeasurable increase in the role of the unified agro-industrial councils in the coordination of all activities involving planning, management, cooperation, industrialization and selling of products.

The extremely complex problem facing the unified agro-industrial councils requires a degree of competence and judgement in management activities and an enterprising spirit and perspective in those activities undertaken. The practice of waiting for solutions from somewhere else when the problems occur within the framework of the collective itself or of resorting to meetings when basically effective actions are required to go beyond the difficulties has its antidote in the evaluation of the activities of each collective according to the manner in which it resolves its entrusted duties and participates in the solution of its problems. By being organically integrated in the activiites of the agricultural units, the unified agro-industrial councils are capable of carrying out specific and well-founded actions to unify the efforts of all the workers in order to use the full human and technical-material potential in the agricultural units so that the increase in production will not be obtained in just any manner, but only under conditions of high productivity and efficiency.

The measures established at the working session at Brasov in January of this year regarding agricultural problems and the discussions in the appropriate forum of the peasantry are capable of transforming the unified agro-industrial councils into living organisms for the specific management of agriculture, which will operate on the basis of an effective style of work. The unified agro-industrial council is to play a large role in the planning of production, in the organization of production and labor on the basis of the most efficient methods and in the rational use and management of the land. It is essential for each council to unite the efforts of the workers, specialists and scientific researchers in the agricultural units within its jurisdiction in order to put to better use the production potential of the land, technology and the labor force, by using mechanical means at maximum efficiency, furthering the specialization and concentration of production, achieving a rational crop rotation and a better placement of crops, more judiciously directing the raising of animal species and investment objectives, creating and developing certain unique sectors in the fields of agriculture, viticulture, legumiculture and exploiting natural grasslands, promoting industrialization and semi-industrialization activities in agricultural production and so forth.

The criterion for evaluating organizational activities and the style and methods of work, one valid for all the hierarchical levels of agriculture, can be none other than the efficiency of actions, the achievement of agricultural production and planned profits, and the improvement of the people's working and living conditions.

Under the conditions of firmly implementing the principles of the new economic-financial mechanism and of bringing about worker self-management and self-administration, the bringing together of the management of agriculture and the production units takes on a primary importance.

The party organs and organizations, involved in all the aspects of developing an intensive agriculture of high productivity, have the job of bringing to all the agricultural units a pronounced dynamism in management activities, getting rid of the weight of "minute details" and routine. All communists, from the minister to the agricultural unit, are called upon to firmly work so that management activities will have a specific nature and will work in the middle of and with the help of the workers collectives. The activity cannot be evaluated according to the number of training sessions, messages and meetings, but according to the manner in which studies are carried out together with the workers collectives into the possibilities for developing production and increasing economic efficiency, setting real plan tasks in relation to specific conditions, tasks that are to be achieved by fully using the productive potential of the land. This means moving the entire activity of planning, supplying and financing into the units, which will permit the establishment of certain real tasks and the elimination of arbitrariness in the setting of plan tasks, detailed supervision and bureaucratism that, in addition to other damages, block initiative and slow the complete use of production resources.

An agriculture of high productivity and efficiency is possible by using responsible, disciplined and qualified labor, working at a level of joint effort by all cooperatists, mechanized equipment operators and specialists. The profound revolution that agriculture is undergoing is basically synonymous with the people's revolution, with the revitalization of agricultural production at the level of current and future requirements for the national economy being the result of their conscious actions.

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SLOVENIAN ECONOMIC EXPERTS CRITICIZED FOR OPPOSING SELF-MANAGEMENT

Belgrade BORBA in Serbo-Croatian 12 May 81 p 4

[Excerpt] At an 11 May meeting of the LC Central Committee Presidium of Slovenia it was said that Slovenian communists and all other organized socialist forces continue to decisively oppose all tendencies toward closing off the economy within regional and republic borders, as well as [to oppose] the concentration of resources on state-etatistic bases, and, rather, to advocate the pooling of resources on self-management income bases and the self-management integration of associated labor throughout the country, since this contributes to strengthening brotherhood, unity, and equality. Also, attempts of extortion and crude pressure which seriously impede our self-management socialist development and which are a serious cause of many deformations in our society will be decisively opposed.

The meeting also pointed to the need for a more effective struggle against unitarist-etatistic tendencies which are most evident in economic policy and operation, as well as the need to struggle against tendencies toward economic nationalism which is manifested also in the foreign exchange system, indebtedness abroad, and in the credit-monetary system. Severe criticism was leveled against assessments made by some experts who accuse the existing economic system, especially the system of self-management socialism and social agreements, for all the misfortunes in our economy, and who advocate the revision of all existing systemic laws, even the Law on Associated Labor. Similar tendencies were expressed also in a commentary by Dr Aleksandar Bajta in the latest monthly review, "Privredna kretanja u Jugoslaviji" (Economic Trends in Yugoslavia), from which members of the Presidium disassociated themselves. Namely, certain statements by Dr Bajta in the above review were judged correct and acceptable, while those in which it is said that self-management and social agreements are disrupting the unity of the market and similar things, were judged unsatisfactory and unacceptable.

It was unanimously stated that Slovenian OURs (Organizations of Associated Labor) and all social forces must participate to the maximum in fully carrying out the obligations undertaken to pool resources to stimulate faster development of less developed republics and Kosovo and, in so doing, should always insist on pooling labor and resources on the basis of self-management agreements. Franc Setinc, secretary of the Presidium, stressed that Slovenia will do everything to carry out its part of the responsibility for regulating the problems of the country as a whole and will ask that no one shift his responsibility to others.

The following was said in the discussion: although we have radically settled accounts in the past with dangerous nationalist tendencies, this does not mean in any way that we have become immune for all time to this sickness. We must not lose from sight the fact that nationalism is blind to arguments. As a result, it can find support among the people, especially during periods of tense crisis situations. We must have a critical attitude, it was said at the meeting, also toward ideological currents, like leftist radicalism, liberalism, etc.; because, those with all such tendencies misuse the economic difficulties to assert that self-management is to blame for all the problems of development. Some people, while saying they are struggling for democracy, want to stir up conflict with LC policy and are trying with all their might to dilute the class approach or even push the LC out of certain areas of social life, and, in the last analysis, this is aimed against the leading role of the working class.

We also do not accept the dilemma which some people artificially and with bad intent impose, namely: a firm hand or self-management democracy. We are commited to self-management socialist democracy which must be courageously developed and further deepened.

It was also said in the discussion that liberalist and opportunist behavior appears not only in the economy but also in education. In the school system, especially advanced schools, there is resistance to development of the delegate system, to applying the principles of free exchange of labor, and orienting student admission to schools in accord with the needs of associated work. At certain faculties there are small groups of young people who appear in the name of the Socialist Youth Federation but have no connection with it or who, in certain cases, are manipulating it. Also criticized was the separation of professors from the students at certain schools and the inadequate linking of the advanced school system with associated work.

Also during the discussion the assessment was made that in 3-year discussions about a one-year term of office we have demolished to a considerable degree personal responsibility and that one should oppose the views which, in the name of strengthening collective responsibility, obscure and weaken personal responsibility.

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